

The Director of the Policy Planning Staff (Kennan) to the Under Secretary of State (Acheson)

SECRET

[WASHINGTON,] May 23, 1947.

MR. ACHESON : Attached is the first recommendation of the Planning Staff. It deals with the question of aid to western Europe.

If approved it should serve as a general orientation, both for operations and for planning in the immediate future.

It is only a few days since the Planning Staff, with an incomplete and provisional complement of personnel, was able to begin to give attention to the substance of its work. Normally, I would consider this far too short a time in which to consider and make recommendations on matters of such importance. But I recognize that the need for a program of action on this problem is urgent and the best answer we can give today is perhaps more useful than a more thoroughly considered study one or two months hence.

If the views set forth here meet with the approval of the Secretary and yourself, we will make this paper the basis of further planning.¹

GEORGE F. KENNAN

[Enclosure]

[WASHINGTON,] May 23, 1947.

SUMMARY

1. The Policy Planning Staff has selected as the first object of study the question of American aid to western Europe.

¹ On May 26, at a staff meeting in the office of the Under Secretary, it was decided to circulate this proposal for discussion at the meeting of May 28.

2. It sees here a long-term problem, namely of European rehabilitation in general, and a short-term problem, namely the immediate shoring up of confidence at home and abroad in the possibility of a constructive solution.

3. As to the short-term problem the Policy Planning Staff proposes that the United States, with a view to seizing the offensive and inspiring confidence, select some suitable bottleneck or bottlenecks in western European economy and institute immediate action which would bring to bear the full weight of this Government on the breaking of these bottlenecks. The Planning Staff attaches great importance to this suggestion, believing that only by means of some such action can we gain time to deal with the long-term problem in an orderly manner.

4. With respect to the long-term problem, the Policy Planning Staff feels that the formal initiative in drawing up a program for its solution and the general responsibility for such a program must come jointly from European nations and that the formal role of this Government should be to support that program at joint European request. It proposes that we aim at inducing the European governments to undertake soon the task of evolving such a program, and give them every assistance therein, in order that their request to us may reach us by the end of the year.

5. The Policy Planning Staff proposes the despatch of instructions to certain European missions designed to obtain a uniform digest of the views of the respective chiefs. It is also proposed that secret discussions with the British be undertaken at once with respect to the general approach to this problem.

6. It recommends that immediate measures be taken to straighten out public opinion on some implications of the President's message on Greece and Turkey.

POLICY WITH RESPECT TO AMERICAN AID TO WESTERN EUROPE
VIEWS OF THE POLICY PLANNING STAFF

I. GENERAL

1. The Policy Planning Staff has selected the question of American aid to western Europe as the first subject of its attention. This does not mean that the Staff is unmindful of the importance or urgency of problems in other areas or of its mission to coordinate long-term policy on a global basis. It means simply that western Europe appears to be the area for which long-term planning might most advantageously begin.

2. The Policy Planning Staff does not see communist activities as the root of the difficulties of western Europe. It believes that the pres-

ent crisis results in large part from the disruptive effect of the war on the economic, political, and social structure of Europe and from a profound exhaustion of physical plant and of spiritual vigor. This situation has been aggravated and rendered far more difficult of remedy by the division of the continent into east and west. The Planning Staff recognizes that the communists are exploiting the European crisis and that further communist successes would create serious danger to American security. It considers, however, that American effort in aid to Europe should be directed not to the combatting of communism as such but to the restoration of the economic health and vigor of European society. It should aim, in other words, to combat not communism, but the economic maladjustment which makes European society vulnerable to exploitation by any and all totalitarian movements and which Russian communism is now exploiting. The Planning Staff believes that American plans should be drawn to this purpose and that this should be frankly stated to the American public.

3. The Policy Planning Staff sees in this general question of American aid to western Europe two problems: a long-term one and a short-term one. The long-term problem is that of how the economic health of the area is to be restored and of the degree and form of American aid for such restoration. The short-term problem is to determine what effective and dramatic action should be taken in the immediate future to halt the economic disintegration of western Europe and to create confidence that the overall problem can be solved and that the United States can and will play its proper part in the solution.

4. The Policy Planning Staff feels that there is some misconception in the mind of the American people as to the objectives of the Truman Doctrine and of our aid to foreign countries and recommends that immediate action be taken to correct this misunderstanding.

II. THE SHORT-TERM PROBLEM

5. With respect to the short-term problem, the Planning Staff feels that we should select some particular bottleneck or bottlenecks in the economic pattern of western Europe and institute immediate action which would bring to bear the full weight of this Government on the breaking of those bottlenecks. The purpose of this action would be on the one hand psychological—to put us on the offensive instead of the defensive, to convince the European peoples that we mean business, to serve as a catalyst for their hope and confidence, and to dramatize for our people the nature of Europe's problems and the importance of American assistance. On the other hand, this action would be designed to make a real contribution to the solution of Europe's economic difficulties.

The Planning Staff attaches great importance to this project and considers it almost essential to the success of the general scheme. It fears that unless something of this sort is done at once the result may be a further deterioration of morale in Europe which will seriously jeopardize the long-term program. For this reason it recommends that most careful and intensive consideration be given at once to this project.

The production of coal in the Rhine Valley and its movement to the places of consumption in Europe has suggested itself as the most suitable object of such an action. The Planning Staff has this question under consideration and expects to come up with more detailed suggestions in the near future.

It may be necessary as a matter of short time urgency to take certain other measures with respect to Italy supplementary to such aid as may be given to that country out of the \$350,000,000 appropriation.² Since this question is already under advisement in operational sections of the Department the Planning Staff is not including it in this survey.

III. THE LONG-TERM PROBLEM

6. The Policy Planning Staff recognizes that the long-term problem is one of enormous complexity and difficulty. It should be the subject of a careful study which must of necessity extend over a period of at least several weeks. The Staff proposes to occupy itself with that study at once. In the belief, however, that this Government cannot afford to delay the adoption of some overall approach to the solution of the problem, the following tentative views are set forth:

a. It is necessary to distinguish clearly between a program for the economic revitalization of Europe on the one hand, and a program of American support of such revitalization on the other. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally and to promulgate formally on its own initiative a program designed to place western Europe on its feet economically. This is the business of the Europeans. The formal initiative must come from Europe; the program must be evolved in Europe; and the Europeans must bear the basic responsibility for it. The role of this country should consist of friendly aid in the drafting of a European program and of the later support of such a program, by financial and other means, at European request.

b. The program which this country is asked to support must be a joint one, agreed to by several European nations. While it may be linked to individual national programs, such as the Monnet plan in France, it must, for psychological and political as well as economic

²This refers to the Joint Resolution, providing relief assistance to the people of countries devastated by war, which was approved by President Truman on May 31, 1947; 61 Stat. 125.

reasons, be an internationally agreed program. The request for our support must come as a joint request from a group of friendly nations, not as a series of isolated and individual appeals.

c. This European program must envisage bringing western Europe to a point where it will be able to maintain a tolerable standard of living on a financially self-supporting basis. It must give promise of doing the whole job. The program must contain reasonable assurance that if we support it, this will be the last such program we shall be asked to support in the foreseeable future.

d. The overall European program must embrace, or be linked to, some sort of plan for dealing with the economic plight of Britain. The plan must be formally a British one, worked out on British initiative and British responsibility, and the role of the United States, again, must be to give friendly support.

e. This does not mean that the United States need stand aside or remain aloof from the elaboration of the overall European program. As a member of the United Nations and particularly of the Economic Commission for Europe, and as a power occupying certain European territories, it is entitled and obliged to participate in working out the program. Our position as an occupying power also makes it incumbent upon us to cooperate whole-heartedly in the execution of any program that may be evolved. For this reason, and because we must know as soon as possible to what extent such a program is technically feasible, we must undertake an independent and realistic study of the entire problem of European rehabilitation. But we must insist, for the sake of clarity, for the sake of soundness of concept, and for the sake of the self-respect of European peoples, that the initiative be taken in Europe and that the main burden be borne by the governments of that area. With the best of will, the American people cannot really help those who are not willing to help themselves. And if the requested initiative and readiness to bear public responsibility are not forthcoming from the European governments, then that will mean that *rigor mortis* has already set in on the body politic of Europe as we have known it and that it may be already too late for us to change decisively the course of events.

f. While this program must necessarily center in the European area, it will admittedly have widespread ramifications in other areas. It will also have important connotations for the UN, and we should bear constantly in mind the need for maximum utilization of UN machinery.

g. American support for such a program need not be confined to financial assistance. It may involve considerable practical American cooperation in the solution of specific problems.

h. With respect to any program which this Government may eventually be asked to support, it will be necessary for it to insist on safeguards to assure

first, that everything possible be done to whittle down the cost of such support in dollars;

secondly, that the European Governments use the full force of their authority to see that our aid is employed in a purposeful and effective way; and

thirdly, that maximum reimbursement be made to this country in any forms found to be economically feasible and in United States interest.

i. The problem of where and in what form the initiative for the formulation of a European program should be taken is admittedly a tremendously difficult and delicate one. It cannot be definitely predetermined by us. Presumably an effort would first be made to advance the project in the Economic Commission for Europe, and probably as a proposal for general European (not just western European) cooperation; but then it would be essential that this be done in such a form that the Russian satellite countries would either exclude themselves by unwillingness to accept the proposed conditions or agree to abandon the exclusive orientation of their economies. If the Russians prove able to block any such scheme in the Economic Commission for Europe, it may be necessary for the key countries of western Europe to find means of conferring together without the presence of the Russians and Russian satellites. In general, however, the question of where and how this initiative should be taken is primarily one for the European nations, and we should be careful not to seek unduly to influence their decision.

7. Based on the above considerations, the Policy Planning Staff suggests the following course of action with relation to the long-term problem:

a. That the SWNCC Special *Ad Hoc* Committee studying "policy, procedures and costs of assistance by the United States to foreign countries" continue its studies, but that the State representation on this Committee maintain close contact with the Policy Planning Staff for purposes of coordination.

b. That by way of supplement to the SWNCC study, telegraphic instructions be despatched at an early date to the Chiefs of Mission in a number of western and central European countries designed to elicit their frank views on

(1) The economic situation of their respective country and the measures required for its remedy;

(2) Whether there is any element in the situation which makes it likely that the United States may be faced with any urgent and desperate demand from that quarter for assistance within the next year;

(3) Whether and to what extent the respective economic difficulties could be relieved by better exchanges (commodities, financial, manpower, etc.) with other areas of western and central Europe;

(4) The nature of the main obstacles to be overcome if such improved exchanges are to be made possible;

(5) To what extent the respective country might contribute to general European rehabilitation if these obstacles were removed; and

(6) The general state of mind of responsible government leaders in the respective country with respect to a possible program of European rehabilitation, the degree to which they are inhibited by Russian or communist pressure in considering such a program and the prospects for their initiative or cooperation in working it out.

c. That certain of these Missions be requested, at the discretion of the operational divisions of the Department, to detail qualified officers to Washington for a period of several weeks to participate in discussion and planning on this general subject.

d. That the Planning Staff, assisted by the operational sections of the Department, proceed to work out a general formulation of this Government's views on the long-term problem of European rehabilitation for use in discussions with European governments and for the guidance of the American representative on the Economic Commission for Europe.

e. That it be accepted as our general objective to induce and assist the European governments to undertake before autumn the development of a program of European rehabilitation which would show clearly what was expected of this country in the way of support, and to submit the request for such support to this Government by the end of the year.

f. That this overall approach be informally and secretly discussed with British leaders at an early date and their assurances of support solicited.

IV. CLARIFYING IMPLICATIONS OF "TRUMAN DOCTRINE"

8. Steps should be taken to clarify what the press has unfortunately come to identify as the "Truman Doctrine", and to remove in particular two damaging impressions which are current in large sections of American public opinion. These are:

a. That the United States approach to world problems is a defensive reaction to communist pressure and that the effort to restore sound economic conditions in other countries is only a by-product of this reaction and not something we would be interested in doing if there were no communist menace;

b. That the Truman Doctrine is a blank check to give economic and military aid to any area in the world where the communists show signs of being successful. It must be made clear that the extension of American aid is essentially a question of political economy in the literal sense of that term and that such aid will be considered only in cases where the prospective results bear a satisfactory relationship to the expenditure of American resources and effort. It must be made clear that in the case of Greece and Turkey we are dealing with a critical area where the failure to take action would have had particularly serious consequences, where a successful action would promise particularly far-

reaching results, and where the overall cost was relatively small; and that in other areas we should have to apply similar criteria.
