

THE EUROPEAN RECOVERY PROGRAM

Mr. JENNER obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JENNER. I yield to the Senator from Nebraska.

Mr. WHERRY. I understand the distinguished Senator from Indiana is about to deliver an address on the so-called European recovery plan. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	George	Morse
Baldwin	Green	Murray
Ball	Gurney	Myers
Barkley	Hatch	O'Connor
Brewster	Hawkes	O'Daniel
Bricker	Hayden	Overton
Bridges	Hill	Reed
Brooks	Hoey	Robertson, Va.
Buck	Ives	Robertson, Wyo.
Bushfield	Jenner	Russell
Butler	Johnson, Colo.	Saltonstall
Byrd	Johnston, S. C.	Smith
Cain	Kem	Sparkman
Capewhart	Kilgore	Stennis
Capper	Knowland	Stewart
Chavez	Langer	Taylor
Connally	Lodge	Thomas, Utah
Cooper	Lucas	Thye
Cordon	McCarthy	Tobey
Donnell	McClellan	Tydings
Downey	McFarland	Umstead
Dworshak	McKellar	Vandenberg
Eaton	McMahon	Watkins
Ecton	Magnuson	Wherry
Ellender	Martin	Wiley
Ferguson	Maybank	Williams
Flanders	Millikin	Wilson
Fulbright	Moore	Young

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. JENNER. Mr. President, anyone acquainted with the realities of present-day Europe, its grinding pressures, its hunger, its spiritual starvation, must feel that wherever relief from this vast ugliness and injustice may be looked for—there we must make due search. This search must be made in full awareness that our Nation abroad is confronted with a new and sinister power bent upon an implacable mission of world domination.

We are not at peace. At best we enjoy but an uneasy armistice. At home we are already at grips with the evils of monetary inflation and propaganda appeals for the controls of state socialism.

It is in this spirit of humanity and humility and yet with these foreboding facts squarely before us that we must study to comprehend the veiled generalities of the so-called Marshall plan.

The United States Senate has never failed to show unmistakable sympathy for the peoples and the nations who need and have earned that sympathy. No upright person will ask or expect the United States Senate to be a "sucker" for nations which have not earned the right to our sympathy. The Senate will fail in the discharge of its responsibility if it fails to go beyond mere emotionalism and inquire fully and fearlessly into the underlying facts and into the nature and causes of the problems with which we are attempting to deal.

Indeed the decisive considerations must be the facts rather than any so-

called general principles regarding the charitable obligations of this Nation in the matter of care and protection for other nations. A glance at the world deterioration of the past 12 months will reveal the all-encompassing reasons for a national policy of greatest care and most balanced judgment.

Scarcely a year ago America was still talking about one world. Less than 3 months ago the last conference of foreign ministers collapsed like a punctured balloon and notified the world that American diplomacy, under Mr. Truman, is little more than a system for announcing public disagreements publicly arrived at.

The past year has clearly revealed the frightfully precarious margin of time within which we can hope for exclusive custody of the power to destroy all civilization. It also disclosed in its ominous sunset the forbidding outline of the tens of millions who would exult to destroy us. There can be no denying a crisis in our national life and a crisis in world affairs.

There can be no denying our duty to determine the exact stuff of which this crisis is made. Just as in the crisis of President Lincoln's time, so in the crisis of our time, pernicious abstractions are everywhere being urged upon us. Among the most insidious of these, in my judgment, is the doctrine that the United States has a positive duty to give huge sums of money to European nations if it is to save the world from communism and chaos. This is said to be a calculated risk. It is clearly that dubious sort of risk for the success of which no one is yet willing to pledge his honor or give the least assurance that it is more than a gambler's chance. Taking gamblers' chances with our Nation's future was a recognized New Deal procedure. My mail indicates that America is now awake to the peril implicit in this procedure—and wants no more of it.

Indeed, under clear-eyed scrutiny, this calculated-risk business is credible only as a lively fiction intended to obscure the suffering that inevitably will follow for the American taxpayer. I know that many thoughtful Members of this Congress regard it as little better than a strange frolic of generous impulse, which might well imperil and disrupt our entire national structure.

It is obvious that the protection of our national integrity rests far less on the acceptance of formulas, in which agreement may be all too easy, than upon a correct appraisal of the actual purposes and the actual effects of our proposed conduct when applied to the facts of life in Europe.

It is the constitutional function of the Senate to guard the Nation's welfare in matters of foreign policy. It will be a crime against the people if we indulge in pernicious abstractions while resolutely shutting our eyes to the social, political, and economic facts of the present-day Europe.

In this connection, we should remember that there is nothing inevitable in history except as the acts of men make it so—and that unless we move with

promptness and vigor to protect the strength of our own land, we shall shortly have precious little with which to help anyone anywhere in the world.

It seems to be a universal assumption that if the European crisis deepens or if European shortages continue, then Europe will turn in desperation to communism.

Apparently it has never occurred to anyone that Europe's crisis, if left to those responsible for it, could well lead to a demand, not for communism, but for a return to economic freedom. Indeed, there are already some signs of this. Italy has recently found it expedient to restore relative freedom in foreign exchange. France has found it necessary to drop some of its more important controls, and, only a few days ago, marked the franc down sharply toward its true worth.

Mr. Truman has been warning us about the dangers of providing "only half-hearted and halfway help." He has ignored the dangers of half-hearted and halfway self-support in Europe. Unless Mr. Truman is actually and secretly opposed to the American free-enterprise system, I doubt that he will deny the tremendous risk that funds supplied by the Marshall plan could make the situation in Europe sufficiently easy, for the time being at least, that they would serve in fact to delay or prevent a return in Europe of free markets and free enterprise upon which the economic health of the whole world is grounded.

I am not one of those who would discount the European problems that are a direct result of war damage. It is true, nevertheless, that in the whole of Socialist and neo-Communist Europe, production has been so disorganized and reduced by economic prohibitions and by the requirements of a special license for almost every economic act that the world-respected London economist has felt impelled to warn us that—

What is planned is actually a series of bottlenecks.

With many others I believe that the most damaging single circumstance in the whole effort toward European recovery resides in the socialist economic controls that systematically suffocate its own capital production and investment. Former Premier Daladier of France recently declared in debate that inflation cannot be overcome in France as long as a managed economy prevails. There are many evidences in Britain that public faith in a managed economy is dying. Certainly, we are simple-minded and stupid if we embark on a program that amounts to nothing more than paying for French and Italian strikes.

While the typical European national budget is wretchedly unbalanced, it is still true that massive sums are being spent on armaments, on increasing pensions and family allowances, on nationalized industries operating under huge deficits, on food subsidies, and other forms of social security, while those governments blame their consequent economic distress on speculators and hoarders.

Indeed, both in Europe and America the whole subject of inflation requires the kind of clear intelligence which the London Economist gives us again when it pointed out recently that—

Rising prices and inflation are associated together like scarlet fever and rising temperatures—but, so far from being the same thing, one is the cure for the other.

Inflation is an excess of demand over supply and one way in which the two can be brought into balance is by such a rise in prices that the available supply satisfies the demand. * * * Nobody in his senses would advocate an indefinite rise in prices as an end in itself.

But it does bring the inflation to an end whereas holding all prices down merely guarantees that it * * * shall go on forever.

There is nothing new in all this.

More than 100 years ago that eminent economist John Stuart Mill wrote:

It is not so much the general or average price of food, as its occasional high price in times of emergency, which governments have studied to reduce.

In some cases * * * the compulsory regulation was attempted by the ruling powers to counteract the necessary consequences of their own acts; to scatter an indefinite abundance of the circulating medium with one hand and keep down prices with the other, a thing manifestly impossible under any regime, except one of unmitigated terror.

The confusion of today is well illustrated by the statements of two eminent gentlemen who have posed as possessing some authority on this subject, the President of the United States and Mr. Chester Bowles.

On February 14, 1946, President Truman said:

Production is our salvation—production will do away with the necessity for Government controls.

In October of 1947, in a radio address, Mr. Truman asserted:

We are producing more goods for civilian use than ever before in history.

Testifying before a committee of this Congress on February 18, 1946, that noisy expert on price controls, Mr. Chester Bowles, said that "production is the only answer to inflation."

Since we are now turning out more than 50 percent of the world's known industrial production as against 30 percent before the war, it is perfect nonsense to suggest that a lack of production has brought the current palsy of inflation upon us.

In 1947 we produced in goods and services more than \$230,000,000,000 worth, or more than 13 percent above the record peacetime year of 1946.

This achievement, moreover, cannot be charged to a rise in prices for the items turned out were 23 percent in excess of the astounding total of 1946—Time, page 75, January 12, 1948.

A clear examination of the contradictions and the fear that constitute the core of Mr. Truman's ever-shifting policy serves but to emphasize that our crisis is a crisis in leadership rather than a crisis in economics or diplomacy.

Amidst all the claims and counter-claims of the Truman administration the astounding fact remains that the Nations of Europe have turned to the United

States, the last free market in the world, to make up their own deficiencies exactly when Mr. Truman has been asking us to reestablish at home the collectivist system of rationing, allocations, licensing, wage controls and price controls that have in their very nature created the present European crisis.

With gold and dollars now held by the outside world having reached the unprecedented total of twenty billions and with the United States having contributed in cash and goods during the past 2 years an estimated seventeen billions additional, we justly stand in amazement at the rising chorus of complaints over Europe's ever-growing dollar shortage.

How can there be a dollar shortage, and who is responsible?

The simple truth is that nearly every currency in the world is deliberately overpriced in relation to the dollar.

This is true because nearly every country in the world wants to buy at the lowest possible price in the American market.

Our foreign friends are trying to do this by keeping their official currency exchange rates high and making it a crime to buy or sell their currencies below the official rates.

The responsibility falls squarely upon the shoulders of these governments.

It is exactly this policy of overvaluation coupled with socialistic government controls that encourages the Europeans to increase their buying from us while discouraging our purchases from them.

The balance of international trade can never be restored under any such system.

Marshall plan or no Marshall plan, this problem will never be solved until all nations are willing to accept the verdict of the open market as to what their currencies are really worth.

France's recent devaluation is simply a courageous and clear-headed recognition of the fact that she must earn more dollars and pay her own way, rather than rely on the charity of America or any other nation.

In trying to measure these problems, we must never forget that if we send food or money to European nations which maintain enormous standing armies, defaulting state-owned industries, and immense pension and family allowances for nonproductive workers, we may be solving their immediate food problems only by making it possible for them to take their most productive youth away from the farm and the factory in order to keep them in military service.

Under the proposed Marshall plan, the money we lend or give to relieve a foreign nation from providing for any of the needs of its own people can be used for any purpose that nation may choose, including the increased publication of anti-capitalist propaganda.

The conclusion is inescapable that gifts which serve only to prolong the paralysis of European production and European self-help are worse than thrown away.

In November of last year, Mr. Truman asserted that—

An attempt has been made to place the blame (for higher prices) on our foreign aid program, but this has not been borne out by the facts.

As to our domestic inflation, Mr. Truman may be quite correct.

Our inflation is the direct result of his own policy of high wages and continuously expanding bank loans.

In truth, Mr. Truman's administration seems to be "all apoplexy at the center and apathy at the extremities."

It seems to be Mr. Truman's thesis that the international crisis can only be solved if we buy off the dangers of communism by giving large cash donations from the American taxpayer's pocket to already shaky European governments most of whom are, in fact, only a degree or two removed in color from the menace from which we are supposed to be protecting them.

The giddiness of this reasoning becomes apparent with our first glance at the facts.

In the December 22 issue of one of our leading national publications—Newsweek—we find the following dispatch:

As a result of the Communist-inspired strikes, economic advisers have told the State Department that France now faces a production deficit of around \$800,000,000 not contemplated at the time stopgap aid figures were prepared.

This more than offsets the \$328,000,000 contained in the interim-aid bill calculated to tide France through the winter crisis up to March 31.

In other words, the Communist-inspired strikes in France cost in production \$800,000,000, when we as representatives of American taxpayers were hurriedly called back into special session to rush money over to France to tide them over to March 31.

To be sure, the Communist-inspired strikes in France and Italy and elsewhere can quickly cancel out the value of our aid.

Our aid can never hope to cancel out the evil effects of those strikes.

If European governments lack the unity and the purpose to prevent these ruinous disruptions of output, then it is manifestly impossible for us to save Europe.

Europe has 350,000,000 people to feed and nobody suggests that as a nation we have more than a narrow margin, of less than 5 percent, to spare from what we produce, to feed and clothe our own 140,000,000 people.

It is an elementary fact that aid to European governments will be futile unless they change their own economic policies—Marshall plan or no Marshall plan. In support of this conclusion, I offer the words of the most distinguished British economist of our era:

The United States is disinclined to entangle herself further (after recent experiences) in the affairs of Europe. * * * There is no guaranty that Europe will put financial assistance to proper use, or that she will not squander it and be in just as bad a case in 2 or 3 years hence as she is now * * * in short, America would have postponed her own capital development and raised her own cost of living in order that Europe might continue for another year or two the practices, the policy and the men of the past 9 months. * * *

If I had influence at the United States Treasury, I would not lend a penny to a single one of the governments of Europe.

These are not the cracked and hollow words of some current American isolationist. They are the ringing denunciation of John Maynard Keynes, uttered in 1919, when European economy was immeasurably healthier than it is today. They constitute an amazing prophecy and a stinging rebuke to the President, who goes blithely forward with a huge program of foreign aid, piled on top of the swollen buying power of our own domestic market; a swollen buying power which has been created almost entirely by the vast increase in money and bank credit brought on by his own fiscal policies.

Does Mr. Truman think the American people will fail to perceive the dangerous insincerity implicit in the efforts of his administration to protect us from the evil consequences of his own deliberate policy of easy money, high wages, and massive foreign loans—just because he asks for more powers against speculators, producers, and profiteers?

Mr. President, recently, Mr. Truman told us he wanted legislation permitting him to impose price ceilings. Now he blames us for not giving it to him. Yet we all know, as the most elementary lesson of the last war, that mere price controls fail to solve anything.

We all know that if prices are held below the point where supply and demand meet on natural ground, then a few people, like Mr. Edwin Pauley, will soon buy up the entire available supply—and thus require iron-fisted rationing.

In truth, rationing is the inevitable and absolute corollary of price controls.

In truth, too, Mr. Truman wants us to accept for America—in this hour of our supposed victory—the wartime controls of a police state—so that he can more easily pursue a foreign-aid policy of the very sort that Lord Keynes so roundly and wisely denounced a generation ago.

It is pure nonsense to suppose that if we throw in enough money or goods to raise the standard of living in western Europe, the nations of that area will automatically withdraw from state socialism and communism, and will follow their supposedly natural bent toward free enterprise.

It is at least a startling coincidence, if not a calculated and deliberate phenomenon, that only a few weeks ago the pinko-Socialist Labor Party in Britain was materially aided by the very fact of Mr. Truman's appeal for the reestablishment of price controls here in America.

The New York Times reported from England that Mr. Truman's appeal had become a major factor in the Gravesend by-election, in which labor conducted its Socialist campaign under the slogan:

Do you stand with Attlee and Truman on the controls issue, or with Churchill and the price racketeers?

Mr. President, the question of utmost gravity to many of us is not whether Europe wants to return to the ways of freedom, but whether Mr. Truman may not be seeking to press our Nation inexorably down the path of state socialism.

Under the massive cloud of doubt that now envelops him, I sorely question whether Mr. Truman can lift either our

foreign or our domestic policies above the level of dread suspicion and mounting alarm.

As one student of affairs and as a soldier who served in the European theater in the recent war, I long since have reached the conclusion that the nations of Europe are not in danger of communism today because they have run into a chain of economic crises. They have run into a chain of economic crises because they have succumbed to the illusions of a dictated economy, socialistic controls, and deliberate monetary inflation—those three things. Taken together, these have destroyed the mechanism of free enterprise and its irreplaceable incentives to self-respect and self-support.

It is precisely because Europe is in such economic distress that she needs free enterprise—and needs it right now—and not, as Cripps says, in effect, "On with the socialistic program, although we run up a billion-dollar deficit next year, even with the aid we are supposed to get."

If the United States tries to bolster the whole western world with dollars, it is quite conceivable that we may contribute to the world's future nothing better than a corresponding paralysis of local responsibility everywhere else.

Every statesman in history, sooner or later, has had to learn that patriotism and unselfishness have been invoked repeatedly for causes far below the level of the common good.

Every Member of this Congress knows, moreover, that there must be some limit to our prodigalities if the bitter seeds of discontent are not to be planted deep in our already painful self-inflicted wounds.

Mr. President, the desires of President Truman and Secretary Marshall seem to be as nebulous as the very Marshall plan itself. As late as January 29, only 4 or 5 days ago, President Truman told his news conference he wanted "all or nothing." Secretary Marshall said earlier to the Congress, "take it or leave it." And, as I have said, Mr. Truman said, only a few days ago, that he wanted "all or nothing." Yet, while insisting on authorization for the full 4¼ year program, he, at the same time, voiced arguments for the \$6,800,000,000 cost of the European recovery plan for the first 15 months. But now they are talking about cutting it down to 12—in other words, to make it more palatable, so we can swallow it more easily.

Could it be that this is somewhat of a hasty and ill-conceived retreat from Mr. Truman's original demand of \$17,000,000,000? Must we accept this as his own acknowledgment of the new unrest and the rising public temper toward these problems?

Mr. President, having watched with careful anxiety the mounting anger in masses of men and women as Mr. Truman's domestic price policy and his prodigal foreign policy have heaped burden upon burden on their aching backs, I have become increasingly certain that the quality of our future civilization will never measure our hopes if it is to depend on some happy accident of maudlin generosity.

We must do far better than to create on a world-wide basis another "boondoggling PWA."

You may well ask what I have to suggest—what may be in fact an available and sensible alternative.

I have the following suggestions to make:

First. Since the United Nations is the world's last hope for widespread and long-continued peace, I would ask America to take the lead in putting real teeth into its procedures so as to make it work—at whatever cost—with or without the cooperation of Russia—for if Russia will not cooperate then the unity of the rest of the civilized world is still the last and best hope for peace which humanity can find anywhere in this troubled world.

Second. I would defend free enterprise without apology, recognizing that from its deep well-springs of imaginative enterprise and human incentive have flowed the whole magnificent achievement of our people.

Third. I would resolutely oppose the doctrine of the welfare state both at home and abroad and would therefore extend loans or grants only on terms and under conditions that make the solvency of the borrower certain and the repayment of a fair and equitable consideration to the United States an equal certainty.

Fourth. I would tell the American people the truth, the whole truth, and nothing but the truth.

If our purpose is honestly and actually to prevent Communist expansion I would explain to them that the present administration and its predecessor are totally responsible for the Communist domination in all that vast land mass from Berlin, across Europe and Asia, to the very waters of Alaska.

I would tell the American people what the deals were that made this possible—at Yalta, Tehran, and Potsdam.

I would tell them by what right they may now expect a better result from the same hands that thus far have produced only diplomatic chaos.

If Russia is our enemy, I would explain to the American people why American engineers are now, at this very minute, working in Russia with the knowledge and acquiescence of our State Department, to restore Russia's mightiest military potential, her bombed and broken power dams and hydroelectric plants.

Fifth. I would demand that the international monetary fund cancel the requirement that member nations maintain controlled exchange rates, or withdraw from the fund altogether.

Sixth. I would recognize that the business of lending money is a specialized business and that international lending is doubly perilous for the uninitiated.

I would place this entire project, therefore, in experienced hands, where the customary safeguards to our money and property will be assured.

Seventh. I would open our private financial markets to foreign loans, under proper safeguards for the protection of the ultimate investor.

Eighth. I would recognize and accept the challenge of communism in the fullest realization that appeasement of Stalin will be no less calamitous than was the appeasement of Hitler and Hirohito.

Ninth. Last, I would recognize, above all things, the devious Oriental mind that guides Stalin to oppose the Marshall plan on the carefully calculated assumption that his opposition will insure its passage.

He certainly wants it to become a law, for only thus can he continue the colossal game of "Put and take" in which we "put" and he "takes."

For it is the simple truth that while we have been giving aid to the extent of seventeen billions, in Europe, Russia has been taking in reparations twelve billions out of Europe. (U. S. News-World Report, January 30, 1948, p. 19.)

Only so long as we continue to "put" can he continue to "take."

Marshal Stalin knows better than anyone now living that his sole hope for world domination lies in the success of his secret purpose to have America spend herself into bankruptcy.

With these guiding principles in mind I shall gladly join in the effort to achieve a world of order and stability in which the American people will not be asked to respond to economic superstition or serve the will of any demagogue.

Proceeding in this spirit, I believe there is a genuine opportunity for us to lift from our generation the sense of desperation and terror which, for so long a time, the enemies of liberty have been permitted to encourage without challenge.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. CONNALLY. The Senator from Indiana has delivered a very interesting and comprehensive address, which it was expected he would do. Unfortunately, the proposals he makes are not before us. The Marshall plan is before us. I just wanted to inquire whether the Senator is for or against the Marshall plan.

Mr. JENNER. In its present form I am unalterably opposed to it.

Mr. CONNALLY. The Senator could be induced to support the plan, though, if a few modifications here and there were made?

Mr. JENNER. It seems to be the trick now to "induce." We start off with a 4-year program to spend \$17,000,000,000.

Mr. CONNALLY. I did not ask that.

Mr. JENNER. The Senator propounded a question, and I am trying to answer him. Did we not cut it then to \$6,800,000,000? Now we are talking about shortening the period from 15 months to 12 months, and of reducing the amount to \$4,500,000,000. I say, tell the people the truth, the whole truth, and nothing but the truth.

Mr. CONNALLY. That is the reason why I am interrogating the Senator.

Mr. JENNER. I am answering.

Mr. CONNALLY. I suppose the Senator is going to tell me the truth, the whole truth, and nothing but the truth. What can be done now to make the plan acceptable to the Senator?

Mr. JENNER. I will say to the Senator that I have tried in my remarks today to explain my position on what I think should be done.

Mr. CONNALLY. I thank the Senator. I am not trying to heckle him. I am just trying to find out what his attitude is going to be, because if his attitude is adamant—

Mr. JENNER. It is not adamant. I just want to protect my country.

Mr. CONNALLY. The Senator proposes about eight different things that he would do.

Mr. JENNER. Nine.

Mr. CONNALLY. Would the Senator require that all those nine things be done before he could agree to the Marshall plan?

Mr. JENNER. I realize that in legislative bodies there must be compromise, but I do not want to compromise away my country.

Mr. CONNALLY. So at present we cannot count on the Senator?

Mr. JENNER. It is too weak.

Mr. CONNALLY. Very well.