The Battle for World Peace and Stability

SPEECH
OF
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OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

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Mr. VANDENBERG. Mr. President, for the sake of continuity I respectfully ask my colleagues to permit me to conclude my general statement on the pending bill without interruption.

Mr. President, with the unanimous approval of the Senate and the Foreign Relations Committee, I report the Economic Cooperation Act of 1948 in its perfect text. In the name of peace, stability, and freedom it deserves prompt passage. In the name of intelligent American self-interest it presents a mighty undertaking worthy of our faith. It is an economic act—but economics usually control national survivals these days. The act itself asserts that "disruption following in the wake of war is not contained by national frontiers." It asserts that "the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations."

Every Senator knows that these dangers are even greater than they were when those words were written only two short weeks ago. The fate of Czechoslovakia, where any semblance of democracy has just been gutted by subversive conquest, underscores this solemn thesis. The kindred fate of brave little Finland may be adding to the ominous score this very afternoon even while we debate an axiom, namely, that aggressive communism threatens all freedom and all security, whether in the Old World or in the New, when it puts free peoples anywhere in chains.

The act asserts sound doctrine when it says that it is "the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions and genuine independence through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation." Mr. President, this act may well become a beacon is to be lighted at all joints of all the ships that sailed the sea. They banded together in the Old World or in the New, when it puts free peoples anywhere in chains.

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Then June 5, 1947. Secretary of State Marshall made a speech at Harvard. Just as at neighboring Concord in an earlier century, it proved to be "a shot heard round the world." At the moment it was just a few sentences in, a quiet document. It is already evident that before the United States Government can proceed much further in its effort to alleviate the situation and help the world work its way to recovery, there must be some agreement among the countries of Europe as to the requirements for economic recovery. Those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. In the initiative, I think, must come from Europe.

Mr. President, the responsive effect in Europe was electric. History wrote with rushing pen. It was a new call to the colors—this time a peace call to mobilize for self-help, and cooperation in quest of mutual salvation. The British Balfour and the French Bidault promptly summoned a European conference. They consulted the Russian Molotov. He met with them in Paris on June 27. As usual, his demands were impossible; and, as usual, trenchant Moscow propaganda charged us with iniquitous American "imperialism," a charge shockingly echoed by some of our own citizens. The Soviets vetoed concerted action, but Bevin and Bidault went through with it. The 22 European nations—of them—to meet in Paris. All Soviet-dominated countries sent their refusals, including Czechoslovakia, which, after a hasty summons to the Kremlin, withdrew its previous approval and now finds itself forcibly commissarized against any further expressions of self-help. Sixteen nations accepted the invitation. Here they are: Austria, Canada, Denmark, Finland, France, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Belgium, Iceland, Portugal, Turkey, Denmark, Ireland, Sweden, United Kingdom, United States.

They met on July 12 and organized the Committee of European Economic Cooperation, known as CEEC. They met to coordinate the independent nations of Europe in a self-help effort to seek stability and preserve freedom in response to the dynamic impulse of what was then a recently ended war. They met to plan cooperation that might justly American assistance. And they met bravely. Mr. President—bravely—because it was in virtual defiance of the Iron Curtain, which promptly showed its teeth.

Within 4 weeks Moscow dictated new reprimands and tighter and tighter restrictions on all her satellites, and quickly organized the Cominform, through which the Communist parties all nations spokesmen, for the Communist world. The "Iron curtain" took on more "iron." The Cominform is a modern version of the supposedly defunct Comintern, which communism's prior agent of influence and revolution. It frankly called upon Cominform members everywhere to wreak the Marshall plan and condemns it and us with a new intemperance of invective and distortion. It is indeed "cold war.

It is pressure war against the independent recovery of western Europe. Obviously, it is also a new "iron curtain." It is a call to stop the emergence of order out of chaos, stability out of confusion, and western freedom out of hopelessness. Communists everywhere have responded. The great sabotage is under way. Let the Marshall plan completely fail that I do not suggest, even by the remotest inference, that all opponents to the plan are Communists. I have already expressed my complete respect for the democratic right of citizens who disagree. I simply point out, as part of the record, that while every critic is not a Communist, every Communist is a critic, and the orders from the Kremlin are to wreck these methods. The Eastern pattern continues in familiar and consistent form.

I said that the 16 cooperating nations in CEEC acted bravely, as I hope we, too, may do. I have in mind not only the immediate but also the longer range of such threatening statements as that by Mr. Molotov saying:

The Soviet Government considers it necessary to caution the Governments of Great Britain and France against the consequences of such action.

Yet, Mr. President, there is nothing in this plan which threatens the Soviet police empire with any sort of consequences which she does not herself choose voluntarily to suffer. It is a plan for eastern Europe, unless the independent survival of free peoples is on the blacklist. It is a plan for western Europe. It is not external conquest. It is not dictation. It is immediate recuperation by self-recovery methods. The Eastern Europe was invited in. It was her own decision that keeps her out. It seems obvious that at least three of these countries behind the curtain would have joined if left to their own free wills. But I confess there are no free wills in police states.

East-west flow of trade in Europe is necessary to both. Its resumption will be profitable to both. There is nothing in this plan which resumption of trade, unless Moscow itself so elects. The healthy recuperation of western Europe should facilitate this resumption for the good of all concerned, if we can have a peaceful world. All poisoned propaganda to the contrary notwithstanding, both at home and abroad, this is America's incentive and her dearest wish.

The honorable release of east-west tenston would be the greatest boon of modern times. It can be released whenever there is mutual east-west fidelity to the objectives of World War II asserted by the United Nations on January 1, 1942, and whenever there is mutual east-west fidelity to the principles and purposes of the United Nations. It can be released whenever there is mutual east-west respect for the rights of free peoples to order their own lives. There is no consistent effort which the Government of the United States should withhold in pursuit of this object. Let us be ready for any discussion to this end.

Peace with justice is our utterly paramount concern. Any thought of another war is abhorrent to our souls. But peace and appeasement are not on speaking terms, and they have not been since Munich, after World War I, and Yalta, in World War II.

To resume the narrative. The CEEC met for 10 weeks in Paris, concluding on September 22. It has been cynically said that they met just to total up a bill to present to Uncle Sam. Nothing could be more cruel or further from the truth. They met to do right to the extent that they could do to meet the Marshall self-help specifications, and they concluded mutual pledges of amazing portent and vitality. They did not dictate their ticket. They wrote it for themselves. They volunteered their pledges—to use all efforts to develop production up to agreed targets—

By this necessary measure leading to the rapid achievement of internal financial, monetary, and economic stability—to cooperate in all possible steps to reduce barriers to the expansion of trade—to set up a joint organization to follow these objectives through and to ensure to the future. All these, and many other obligations, they offered to assume. It was a historic moment. Someday the United States of Europe may look back upon it as we do upon the Annapolis Conference which preceded the Constitutional Convention at Philadelphia. It was a courageous and constructive answer to the United States. It offered the best chance for stable peace and for real stability that there is on earth today—outside of a reinvigorated United Nations which it would immensely further. For myself, Mr. President, I assert the deep conviction that it is worth the wholehearted cooperation of the United States as the cheapest and most promising peace investment in our own self-interest that we face. What we can "afford to do" is one thing and the American answer. But what we cannot afford not to do is just as vital in the estimates of prudent statesmanship.

I comment, in passing, that these were not simple words at Philadelphia. Our friends meant exactly what they said. They have already begun to prove it. "Bene- lux" already joins three of these countries in a customs union. Others are ready to come in. France has already performed major surgery on her currency. Italy and France have faced powerful Communist subversion and survived the test—a feat that might well have imposed a torrent of repentance and prospective economic aid. They, too, are negotiating a customs union. Bizonia in Germany is now well likely to become Trizonia in the spirit of new unity at the heart and core of European recovery. Britain's Bevin, backed by the united spokesmanship of his country, is calling for western union. These are new signs of the new times. Mr. President, if these trends are elucidated, these present hopes dashed, it is because I tremble for the consequences in this foreshortened world. This is not hysteria. It is simple candor. In my view, the approaching Senate roll calls are that important to them now—

Now, Mr. President, make note of this: All these CEEC promises and pledges—
importantly, including, by the way, the acquisition of essential strategic materials for stock piling in the United States—are to be written into agreements as a condition precedent to our cooperation. There will be specific bilateral agreements between the United States and each beneficiary country. There will be specific targets. There will be multilateral contracts in which all countries will write in the common aim and the common effort. The obligation will be set down in black and white. This is no mere wishful thinking. For one example, in respect to the most vital commitment, coal production, pledged to go from 358,000,000 tons in 1946 to 495,000,000 tons in 1949 and 686,000,000 tons in 1953. Your Committee on Foreign Relations has made every possible effort to protect all these expectations. Indeed, this legislation which the Senate is asked to approve categorically asserts that—"no instance produced by the United States should at all times be dependent upon the continuity of cooperation among the countries involved."

The act categorically asserts that—"the American assistance under this act to any participating country whenever he determines that such country is not adhering to its agreement or is diverting from the purposes of this act assistance provided thereunder."

No law can guarantee its own success. No man has a right dogmatically to say that any plan will succeed in these dangerous times. But have a warrant for maximum confidence that we do not indefinitely undertake a failure. All the more it makes the chance worth taking.

Now let me return to the narrative again. The CEEC summoned its best minds abroad to the council table. They had been warned by the Harvard speech that America expected a self-contained plan which could reasonably progress toward the restoration of economic independence and the end of American assistance. They had been warned that a successful recovery program must take the place of everlasting relief programs. They set to work to meet the challenge. At the end of 10 weeks they produced the answer. It would take 4 1/2 years of intensive self-help and cooperation, with progressively decreasing American assistance during this term of years. Their original estimate was that it might require an over-all total of twenty-two and four-tenths billions of American aid for western Europe, including western Germany. In the deduction of capital-equipment items, this figure came down to seventeen billions for 4 1/2 years. In other words, this peace investment might cost one-third as much as 4 1/2 years as we appropriated for war in just one bill that passed the Senate in 5 minutes and without a roll call one June afternoon in 1944. War has no bargains. I think peace has. I believe I am talking about one now.

I digress, however, to say that there is no seventeen billions or any other comparable figure in this pending legislation. The first executive draft that came to us 2 months ago. It immediately asked for its deletion, and the State Department promptly acquiesced, because they had an educated guess of doubtful validity if we thus were to attempt to assess events and values so far in advance. Furthermore, the plan now proposed abroad as a specific dollar commitment, without their understanding that the American Congress cannot commit another. Yet the genius of the program, if we are to have war-time relief, is sufficient continuity to encourage dependable long-range planning. We wisely demand continuity of performance from our friends as the price of continuity of aid. It is elementary and indispensable fair play, on the other hand, that continuity of aid similarly should follow continuity of satisfactory performance. It must be inherent and implicit in our purpose. Otherwise, I repeat, this is merely one more stopgap, "rat-hole" operation.

Your Committee on Foreign Relations has met this situation, Mr. President, by familiar statutory device. As is our standard practice when dealing with public projects overlapping into subsequent fiscal years, authorized to be appropriated from time to time for 4 1/2 years such sums as may be necessary to carry out the provisions and accomplish the purposes of this act. But, the only specific dollar authorization in the act is for 1 year, commencing next April. I shall discuss that later. Suffice it for the moment to point out that this has the effect of eliminating the necessity for subsequent annual authorizations. It thus simplifies the subsequent procedure. But it leaves each annual appropriation, as indeed it must, to the annual decision of the Appropriations Committees of the House and Senate and to the annual discretion of the Congress. The net of it is that it is the recovery program will pass in annual review. It will be tested annually for its promised accomplishments and for the continuity of its purpose. It will be tested annually for its impact on our own economy. Each Congress is free to decide these subsequent issues for itself. But they will do so in the presence of the declared attitude and opinion of the Eightieth Congress, as expressed in this act, that the program, if successful, should carry through to whatever conclusion it proves to deserve. To withhold an expression of this purpose would be to repudiate our own thesis and to pitifully reduce this act to the status of just one more sterile "hole". It would be to rob the act of all the cumulative values upon which we depend for net results and which can infinitely bless us all.

Now, Mr. President, let me return to the singular deal with equilibrium levels on this side of the ocean here at home. As soon as it became evident that CEEC intended to act upon Secretary Marshall's suggestion, the President began complimentary statements from all parts of the line. In my responsibility as chairman of the Foreign Relations Committee, I asked for his immediate appointment of an independent civilian group of seasoned balancing experienced citizens to survey the field and to report what America might wisely and safely do—I repeat those controlling words, "wisely" and "safely"—in connection with the contemplated program. As a result, such a committee was named by the President on June 22, 1947, under the chairmanship of Secretary of Commerce Harriman, who was the only Government official on the part.

partisan membership was completely independent of the Government and its judgments were likewise. It had as its members representatives from all interested and affected groups, not at all gathered together to do an unselfish, patriotic job; but labored with spectacular and unremitting zeal upon the task the ultimate results of which might be one of the most comprehensive Everharded in respect to a public theme. These credentials are important because, as a result, I think it is of paramount importance to us that this Harriman committee, despite occasional disagreement respecting details, came to the over-all conclusion that this recovery program is completely in line as well with America's policy and capacity but also that it is essential to the best welfare of the United States. This, remember, was the verdict of representatives of American citizenship, the Congress, who have seen how any great problem in public policy could have been submitted to more competent audits. I commend this thought to prejudicial critics who do not and could not have comparable access to all the facts.

I quote one sentence from the Harriman committee's findings:

-The committee is convinced that a sound program for western European recovery should be formulated and adopted by the United States with the same confidence in the essentiality, patriotic job; an i labored with care and comfortableness, as if such as no American could easily tolerate.

Does that require any application? I think not. But it is a timely reminder that the Senate cannot contemplate its decision on this pending act with calm and comfortableness, as if there may be no price for us to pay if we reject or emasculate this plan. We have no such compliant option. There is an alternative price. I simply suggest, in passing, for example, that Secretary of Defense Forrestal and Army Secretary Royall testified to our committee that in the absence of some reasonable program for the stabilization of western Europe they would find it necessary to urgently demand billions more for national military defense. That, however, is only a small part of what equally is the alarming position in the Communist-dominated world. The Harriman committee says the total consequences could include, and I again quote the committee, the spokesmanship for the civilian population of this Nation, the immediate and extended limiting condition of our economic and political life, perhaps extending even to our form of government.

Which might be the alternative.
But let me again take up the narrative. In addition to the Harriman report, we have the survey by Secretary of the Interior Krug on Natural Resources and Foreign Aid. I quote one sentence:

"The aggregate productive capacity of the United States appears ample."

In the same vein we had the so-called Nourse report, from the President's economic advisors. We also had the exhaustive studies of the executive departments through a large committee headed by able Under Secretary Lovett.

Now, Mr. President, I want to make it plain that all these considerations deal preponderantly with the most critical of all considerations, namely, the impact of this plan upon our own domestic economy. Nothing could be of more importance because we all agree that the maintenance of a sound and solvent United States is as indispensable to the hopes of the world as it is to us. It would be final blunder to jeopardize our stability at home. We shall not do so. I am glad to echo the warning of the Harriman report that "it is not wise to underestimate the sleepiness of the public mind," and that "the aid which the United States gives will impose definite sacrifice on the United States. That is obvious. This is no hungry picnic. Heavy post-war peace expenditures involve a burden, just as did the infinitely heavier expenditures of the war-that-was, or the expenditures of another war whose purpose, whatever your resource at our command, to prevent. Any drain upon our commodities not in surplus also is a burden, although it is significant to note that the commodities we export under this plan at its very peak are substantially less than our average exports for 1947. But all authorities agree that the plan can be managed to avoid serious interference with our domestic economy. They agree that it would not precipitate domestic controls which would not be required by the domestic situation alone. For example, there will be no competitive exports of meat under this plan for at least 2 years. There will be no exports of metal scrap. Petroleum products by the expiration of the bill itself, must be purchased offshore to the maximum practicable extent.

Sound administration of the act, Mr. President, will hold all these impacts to a minimum. The bill itself is explicit in these directives. In general terms it lays down the fundamental rule that "no assistance to the participating countries shall seriously impair the economic stability of the United States." In specific terms it lays down the injunction that the Administrator must provide for procurement in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the vital needs of the people of the United States.

The proponents of this measure, in a word not riding rainbows. They recognize the calculated risk. They think it is worth taking in our own enlightened self-interest. They prefer it to the alternative course. But they proceed with prudence. They recognize the priority which self-interest assigns to the protection of our own domestic situation. We are not to be committed beyond this legitimate boundary. But they believe that we can do both jobs-at home and abroad-without much ado not to take the preferable chance. In a word, they believe in America.

Now, Mr. President, we come to the act itself, which is unanimously supported by the Senate Foreign Relations Committee after 5 weeks of public hearings and 10 days of continuous executive sessions. I cannot speak too gratefully of the friendly patience and bipartisan unity with which my committee colleagues cooperated. If something of their spirit in the House for whom this legislation is intended, the Economic Cooperation Administration, as it will be called, has hopeful augury.

We confronted many serious perplexities, the country, to make a decision on the question of opinion in and out of Congress. Perhaps the greatest of these was the question how this grandiose trust should be administered. It is the universal opinion that its oversight economic control that requires the highest available type of seasoned business experience and the widest possible autonomous authority for those who patriotically assume the vast economic responsibilities. It is equally the universal opinion that the highest considerations of foreign policy are constantly involved and that this was said upon a previous occasion, we cannot have two Secretaries of State at the same time.

To fit these conflicting speculations into common patterns, we needed a lasso puzzle. We invited the Brookings Institution of Washington, one of the most respected research laboratories in the country, to make an objective study of this enigma. I express our great obligation to the Brookings Institution for the masterly job it did. The provisions in the pending bill largely embody its recommendations. I am happy to say the result already enjoys well-nigh universal approval in and out of Congress.

We are creating the Economic Cooperation Administration. At its head will be the Administrator with Cabinet status. In him, under final Presidential control, is vested the responsibility for operating this enterprise. The Administrator and the Secretary of State will keep each other fully and currently informed. Whenever the Secretary of State believes that any action of the Administrator is inconsistent with the foreign policy objectives of the United States, he will consult with the Administrator and, if differences of view are not adjusted, the matter will be referred to the President for final decision. This is a paraphrase of the formula which has worked so well in the Atomic Energy Act involving somewhat similar provisions.

Behind the Administrator, and his Deputy, will be the Public Advisory Board, headed by the Administrator, organized on a bipartisan basis, and consisting of not more than 12 members, to be appointed by the President and confirmed by the Senate, "selected from among citizens of broad and varied experience in matters affecting the public interest." Its functions are advisory, but its utility is profound.

The economic mission will be established by the Administrator and under his direction in each participating country, and the chief of each mission will cooperate with our Ambassadors or Minister-Plenipotentiaries. Of the conduct reflecting the contacts set up for the Administrator and the Secretary of State to avoid inconsistent decisions by either. Meaning this will be carried out by a roving ambassador will represent us in dealing with any European organization of participating countries as incidently convenient.

The creation of this post underscores our firm conviction that the salvation of western Europe lies in consolidated self-help and cooperation. It will provide alone will not save them. American assistance alone will not save them. All through the bill we bluntly assert these axioms. What we will do, and that will solve the problem. What they do for themselves is the only possible vindication of our aid. But without a roving ambassador there would be no way for us to hold these governments responsible for their foreign economic performance was our firm conviction that the salvation of western Europe lies in consolidated self-help and cooperation. It will provide alone will not save them. American assistance alone will not save them. All through the bill we bluntly assert these axioms. What we will do, and that will solve the problem. What they do for themselves is the only possible vindication of our aid. But without a roving ambassador there would be no way for us to hold these governments responsible for their foreign economic performance was our firm conviction that the salvation of western Europe lies in consolidated self-help and cooperation. It will provide alone will not save them. American assistance alone will not save them. All through the bill we bluntly assert these axioms. What we will do, and that will solve the problem. What they do for themselves is the only possible vindication of our aid. But without a roving ambassador there would be no way for us to hold these governments responsible for their foreign economic performance was our firm conviction that the salvation of western Europe lies in consolidated self-help and cooperation. It will provide alone will not save them. American assistance alone will not save them. All through the bill we bluntly assert these axioms. What we will do, and that will solve the problem. What they do for themselves is the only possible vindication of our aid. But without a roving ambassador there would be no way for us to hold these governments responsible for their foreign economic performance was our firm conviction that the salvation of western Europe lies in consolidated self-help and cooperation. It will provide alone will not save them. American assistance alone will not save them. All through the bill we bluntly assert these axioms. What we will do, and that will solve the problem. What they do for themselves is the only possible vindication of our aid. But without a roving ambassador there would be no way for us to hold these governments responsible for their foreign economic performance was our firm conviction that the salvation of western Europe lies in consolidated self-help and cooperation. It will provide alone will not save them. American assistance alone will not save them. All through the bill we bluntly assert these axioms. What we will do, and that will solve the problem. What they do for themselves is the only possible vindication of our aid. But without a roving ambassador there would be no way for us to hold these governments responsible.
of diversified minds. Secretary Marshall said it was as near a precision figure as human judgments can foresee. Certainly it was sustained by the most complete studies and surveys I have ever seen in a committee. It was further sustained by the Independent Investigation of the Harriman committee—composed, remember, of the best business brains available in our civilian life. The latest estimate of the Harrimans was approximately the same. It was still further sustained by the head of the International Bank, who also examined the plan. We have concluded that the figure is a tight-fitting minimum. It was in no sense a stab in the dark. At the very least it is entitled to a presumption of relative dependability until more competent authority competently proves otherwise.

But I can fully understand Mr. President, why this figure immediately became the subject of wide controversy. In the first place, there was a big gap between this figure and the President's budgetary estimate of actual disbursements for the purpose in the next fiscal year—a gap representing allocations and commitments which must be made in advance if our plans are to possess efficient continuity. In the second place, we have been overwhelmed with such a wealth and welter of supporting statistics that even our own experts—say nothing of our committee members—have raved each other in their headaches. At such a moment it is dangerously easy to “lose sight of the forest for the trees.” Busy pencils, playing with their decimals, can make objectivity impossible. The committee's unanimous recommendation escapes the horns of this dilemma by rooting itself in a few solid fundamentals which I commend to the common sense of my colleagues.

First. If this plan can succeed on the basis recommended by its authors, no well-wisher would allow it to fail at its inception through lack of original resources. The committee's unanimous recommendation escapes the horrors of this dilemma by rooting itself in a few solid fundamentals which I commend to the common sense of my colleagues.

Second. Any estimate of these essential resources, in advance of experience with the plan, is problematical at best. In such circumstance we should start with figures which enjoy the preponderance of supporting evidence rather than to arbitrarily slice off what might be the difference between success and still-born failure.

Third. Therefore prudent recommenders that we launch the plan with figures which offer no alibi for failure; but on a timetable which permits us to review the figures at the earliest moment when experience will permit us to deal with the realities.

On the basis of these sanities, the Committee on Foreign Relations unanimously cut the duration of this first authorization from 16 months to 12 and the amount from $5,800,000,000 to $3,300,000,000. This latter figure accurately reflects the estimated expenditures and commitments for the first 12 months of original work shown for 15 months. In other words, we have not undetermined the resources for 1 year from April 1, 1948, which is the time that is unambiguously stated by the authors of this plan are essential to its success. We have not transferred from them to us the responsibility for a failure which might be charged to initial lack of financing. We have not paired either the resources or the psychology upon which the plan depends. But we have made it imperative that the first task of the next Congress and the next administration next January shall be to resurvey this whole problem in the light of experience and reality; and thus we have reduced the first authorization by $1,500,000,000.

Mr. President, I attach the greatest importance to this change in the timetable. By next New Years we shall have had 16 months experience with this enterprise. We shall then know the efficiency of its all-important administrative management; and we shall have the benefit of the Administrators advice. We shall also have the first-hand judgments of our own joint congressional watch-dog committee. We shall know whether a good crop overseas has lightened the CECCE; we shall know much more about the nature and extent—or perhaps even the suspension—of the sabotage campaigns of the wrecking crews. Most important of all, we shall know to what extent self-help and mutual cooperation in western Europe are giving promise of the vitalizing which this plan inseverably rests. We shall know many things upon which to-day we can only speculate. It seems to me that we have everything to gain and nothing to lose—assuming that we are entering upon this high adventure in good faith—by launching this hopeful enterprise full-steam-ahead; and reserving our seasoned and informed judgments for next January, as contemplated by the committee's recommendation, when we shall know whereof we speak instead of gambling now with unknown destiny. I beg of you to give them to your hearts. This is more than a problem of mathematics; it is a problem in peace, stability, and human freedoms. It may not work. But if it fails, let the responsibility rest elsewhere. I say again—as I have said so many times before—these recommended figures are not sacred. But in the light of the powerful credentials they possess, unless the Appropriations Committee can strongly prove them wrong, let us give them the benefit of any doubt for the time being. The way is not long to wait for the accounting with so much at stake.

One thing more about this figure of $5,300,000,000. It goes for loans and grants. They will be serviced by the Export-Import Bank. It is roughly estimated that loans will represent from 40 percent of the grand total. Using the lower percentage in averaged application to the first year's authorization, its net cost to the U.S. is much nearer $4,600,000,000 than $3,300,000,000. It could be—we may hope—it will be—even lower in its net effect.

At this point I interject another vital fact. While it is impossible to establish accurate categories at the present time, the committee expected that 2 or 3 of these 16 countries in CEEC will cooperate without any drain upon our dollar aid. They will pay their own way. It is also expected that these other countries will be sustained by grants on a temporary loan basis—without any grants. It is contemplated that only two countries will be exclusively on a basis of grants. The other eight countries will be on a variable scale of loans and grants. This is no loose give-away. In every instance the plan is geared to hardpan economics.

I now speak of the method used to arrive at this figure. It involves so-called balance of payments. For each country this is the difference between balanced income from exports of services, and foreign investments, on the one hand, and essential imports of goods and services, on the other hand. This is the balance of payments, and when the figure is arrived at it is all for the latter, and there is no gold or convertible currency to make up the difference, any such deficit country is in jeopardy. Under normal exchange conditions, surplus exchange with one country can be balanced against an exchange deficit with others. But this situation does not exist to-day, and will not until foreign currencies and international exchange are restabilized. This is one of the long-range objectives of this plan—important to every trading nation on earth, our own emphatically included. Meanwhile, the immediate and indispensable objective is to overcome these deficits in western Europe, including western Germany.

Current calculations accordingly were made by the following process: First, estimating each country's import requirements; second, deducting therefrom each country's exports of services, and foreign investments, and from any other sources; third, deducting available imports from other Western Hemisphere areas. This final figure, translated into dollars, represents the amount of support from us to permit these 16 European countries, plus western Germany, to import from the Western Hemisphere the commodities essential to recovery. Import requirements of recipient countries were figured on a basis so close that they do not even restock full prewar living. In other words, the figures are down to bed-rock.

Obviously, this brief description over-simplifies the process. There are many other factors influencing the net result. There are many imponderables, I say again—and again. Only experience can demonstrate whether the realities will thrust upwards or push downwards the true evaluation. But this is generally accepted as the best measure of need. It was accepted by the Paris Conference, the executive departments, the Harriman...
CONGRESSIONAL RECORD

I do not undertake to demonstrate that the resultant 13-month figure of $6,300,000,000 that the bill is precisely accurate. I am content to point out that it is little short of amazing how close together all these estimates, independently made, proved to be. I am content to point out that the timetable in this act, as we have reported it, permits the earliest possible congressional review in the presence of reality. I am content to urge that the burden of proof falls heavily upon those who would argue that, pending this early review, the preliminary figure is too large. I have no sympathy with any "take this or nothing" attitude. But I do prayerfully believe that adequacy is the essence of what we do; and surely we can all agree that success with $5,300,000,000 in the first instance is preferable to failure with something less. I remind the Senate further that, under the bill's new timetable, we can balance out—we never the next fiscal year—enlightened appropriations for the fourth quarter. If facts, as we will know them next January, require readjustments, we can make them in the final quarter. Then we can put them up or down with some degree of justified assurance. When we try to adjust them today, we play with danger to the life-line of the plan.

Many other features of the pending bill will develop with the debate. At the moment I refer, finally, to only two.

First. Local currencies must be deposited by each beneficiary country to offset the value of any aid not furnished on terms of payment. The beneficiary country and the United States will agree on the local expenditure of these local currency accumulations in behalf of the purposes of this act. Thus our grants will not become a budgetary windfall in the beneficiary country but will virtually become a revolving fund to do double duty in behalf of the act's objectives.

Second. The investment of private American capital in approved reconstruction projects in the 16 countries and western Germany, is encouraged by our guaranty of the subsequent convertibility of profits or original investment into dollars. This obviates the hazard most likely to prevent private investment. At the same time it is a highly practical invitation to American private initiative to join in this great adventure on a free-enterprise basis.

Now, Mr. President, with apologies to my colleagues for the length of this intrusion upon their good nature, I conclude. With a few deitory comments, I am done.

First. This act does not include some of our other unavoidable international obligations. We shall have to deal at this session with China, Greece, Turkey, and Trieste, and with the occupied areas for which we are responsible as a legacy from the war. These things must be remembered as we proceed. We must deal with over-all considerations. Particularly we must faithfully remember the superlative importance of effective solidarity in the Western Hemisphere in unhappy, uncertain days like these. Mutually happy, unencumbered days like these. Mutually happy and healthy Pan-American relationships are indispensable. They must be conserved. It ought to be entirely possible to substantially improve these economical relationships through the triangular trade that should be possible of development in connection with this European recovery plan.

Second. This act largely depends for its success upon the quality of its administration. The choice of the administrator and his associates is one of the most solemn responsibilities that has ever confronted a President of the United States. I beg of the President to search for men who will be satisfied with nothing less. This act is a challenge to the best brains and to the best experience in the Nation. They responded in the crises of war. I am sure they will respond in this crisis of peace. The cause is no less vital to our destiny.

Third. This act depends, again, for its success upon the prompt restoration of western Germany to an effective place in the economy of Europe and the world. It must be decentralized. It must be demilitarized for keeps. But it must be restored to decent hope and productivity. The western occupying powers must quit their indecision and put Germany wholesomely at work again without delay. The Ruhr should not stand as the difference between success and failure.

Fourth. This act depends also and equally upon the energy and devotion with which these western European nations pursue the integration which they have volunteered to seek. Our dollars cannot substitute, I say again, for their own will to make common cause for the mutual defense of their own welfare. We do not presume to dictate the formula. But we relentlessly recommend the objective. Standing together these nations can face every vicissitude with hope. Standing apart they may face collapse and even conquest. By its own warning, the wrecking crew awaits.

Fifth. This act seeks and depends upon peace. Peace requires the economic solidities which are here addressed. Peace also depends upon security against aggression. Security depends upon preparedness. Preparedness depends upon vital arms until, dependably there is a better way. The better way is an undivided United Nations which is made to work in its present or some other form, Regional arrangements under its charter can promote security. Unselfish mutual defense pacts, such as we have repeatedly offered, can promote security. Global disarmament—on a basis of rigid, instant, and conclusive discipline against bad faith—is the best security guarantee of all. We and the peace-loving sectors of the world must struggle on toward these goals.

Sixth. The act has the amazingly unified support, according to our official voices before our committees of practically all spokesmen in our own land for organized labor and capital and agriculture and industry, for veterans, for women's organizations, for American journalism and, by no means last, for the church. The friends of peace are overwhelming. I believe, Mr. President, that dynamic America is prepared to carry on.

Seventh. Whatever we are to do, Mr. President, let it be done without undue delay. Whatever our answer is to be, let it be made as swiftly as prudence will permit. The exposed frontiers of historic and moral and more almost hourly to the West. Time is of the essence in this battle for peace, even as it is in the battles of a war. Nine months ago Czechoslovakia wanted to join western Europe in this great enterprise for stability and peace. Remember that. Today Czechoslovakia joins only such enterprise as Moscow may direct.

There is only one voice left in the world, Mr. President, which is competent to hearten the determination of the other nations and other people in western Europe to survive in their own choice of their own way of life. It is our voice. It is in part the Senate's voice. Surely we can all agree, whatever our shades of opinion, that the hour has struck for this voice to speak as soon as possible. I pray it speaks for weal and not for woe.

The committee has rewritten this bill to consolidate the wisdom shed upon the problem from many sources. It is the final product of 8 months of more intensive study by more devoted minds than I have ever known to concentrate upon any one objective in all my 20 years in Congress. It has its foes—some of whom compliment it by their transparent hatreds. But it has its friends, countless, prayerful friends, not only at the hearthstones of America, but under many other flags. It is a plan for peace, stability, and freedom. As such, it involves the clear self-interest of the United States. It can be the turning point in history for 100 years to come. If it fails, we have done our final best. If it succeeds, our children and our children's children will call us blessed. May God grant His benediction upon the ultimate event. [Applause on the floor, Senators rising.]