III
Analyzing the Marshall Plan

In an atmosphere of great urgency the Economic Cooperation Administration was designed and organized in 1948 to achieve explicit economic objectives, as well as implicit psychological and political aims. In order to evaluate the extent to which the ECA succeeded or failed in accomplishing its goals, the ambitiousness of its architects and engineers must first be appreciated. Otherwise, too narrow a basis for passing historical judgment results. An appropriately comprehensive basis for determining the Marshall Plan's impact needs to be established next. What criteria, for instance, define success and failure? Is the Plan's meaning in the short term or long run? Or in an economic, psychological, or political sense? If principally political, what stakes matter most? Are they the conflict between communism and anticommunism? Or perhaps a resolution of the postwar "German Problem" that required Germany's reconciliation with its neighbors and France's abandonment of its punitive German policy? Should the Plan also be judged in terms of whether it created European goodwill for America? Such issues have to be clarified prior to parsing evidence.

This monograph is not intended to plunge into the deep end of the historical disagreements that have been erected on such analytical foundations. Suffice it to say that an era of generally sweeping superlatives, when an American writer once gushed about "the boldest, most successful, and certainly most expensive foreign policy initiative ever attempted in peacetime," is essentially over. Among contemporary commentators, the German Professor of Public Finance who wrote in 2004 of the Marshall Plan as "amazingly successful" is probably in the minority.[1]

The last twenty years of scholarship on the Marshall Plan have expanded and refined the questions being asked of source material. Recent research has even led one economist to conclude that "we cannot conclude that Marshall aid was a substantial direct stimulus to growth."[2] Neither personal witness nor self-evidence can any longer go unchallenged. The word of the Dutch Foreign Minister from 1948 until 1952 that the Marshall Plan was "the only way in which we could have overcome our difficulties" is now open to question. In the published version of a speech commemorating the thirtieth anniversary of Marshall's Harvard Address, Sir Oliver Franks captured the verities of his generation. Explaining to his audience why he judged the

Marshall Plan a success, he declared: “The facts speak for themselves.” What were those “facts,” his indisputable proof? With great selectivity, Franks then provided two statistics, both short-term economic measures, to clinch his case. He cited industrial production 25% higher than prewar figures two years into the Marshall Plan and a dollar deficit that had dropped to $1,000,000,000 from $8,500,000,000 by the end of 1950.[3]

Furthermore, Franks indicated no difficulty whatsoever in grasping how such a seemingly small amount of Marshall Plan aid—$12,500,000,000 was the equivalent of little more than 2% of western Europe’s national income from 1948 to 1951—might be crucial in Europe’s reconstruction and growth. The former Oxford don did not need any quantitative economic models, agreeing completely with Dean Acheson that “nations exist in narrow economic margins,” such that what appears marginal may nonetheless operate decisively. Two percent went a long way, when used wisely and productively.

In narrow economic terms, the Marshall Plan can, as Franks suggested many years ago, be viewed as practically an unqualified success in both the short term and long run. Statistics tell favorable stories. Between 1947 and 1950, industrial production in western Europe leapt 45%. By March 1951 it was 39% above its prewar level; four months later 43% above that benchmark. At the end of the year it had risen 55% since 1947 and stood 41% greater than 1938 levels. In 1950, exports from Marshall Plan recipients, the key to dollar reserves, were over 90% greater than in 1947, while intra-European trade in 1951 surpassed the 1938 baseline by 36%. Franks could have added that agricultural output grew more slowly, but by the end of 1951 was nearly 10% above 1938 totals, missing by 5% the target figure. Like agriculture, coal production fell slightly below projections. Perhaps more significantly, western Europe’s aggregate GNP rose 32% while the Plan was in existence. Long-term statistics measure remarkable revitalization as well. Spurred by soaring productivity, unprecedented economic expansion took place in western Europe. For two decades beginning in 1953, the GDP’s rate of growth “accelerated to an astonishing 4.8% per year.”[4]

Despite insistence by Imanuel Wexler and other scholars that the Marshall Plan must be understood as essentially an “economic enterprise,”[5] broader perspectives have their serious proponents. On the basis of personal observation while Averell Harriman’s assistant in Paris for two years, Vernon Walters has maintained that “the most important achievement of the Marshall Plan was not so much the material aid it gave as the rekindling of hope, the rekindling of energy.” Drawing on historical research rather than firsthand experience, historian Tony Judt recently echoed Walters. “Any attempt to reduce it,” Judt has argued persuasively, “misses its most important characteristic,” which was psychology. In his estimation, the Plan was “perhaps above all psychological” by boosting public confidence, optimism, and morale in a vital way at a critical time. As inspiration the Marshall Plan had a huge and incalculable impact, so that by this criterion, too, the

Marshall Plan made a big difference. Still others have maintained, employing yet a third criterion, that success inhered in the stabilization of a European politics veering towards a totalitarianism that was the mirror image of wartime fascism. In Italy and West Germany, for example, the Plan empowered and entrenched centrist, pro-American political parties.[6]

Given the inconclusiveness to date of the scholarly debate about the Marshall Plan's provable impact on the economies of recipient nations, counsel from the economist Charles Kindleberger, an early formulator of the Plan, merits heeding at this juncture. His informed view that "it may never be possible to form a judicious estimate" about the success of the Marshall Plan—particularly in light of the shift to remilitarization after the Korean War broke out—makes eminently good sense. Because the Marshall Plan was not "an isolated plan of assistance," but rather a wholly new beginning in a sequence of postwar aid that included United Nations Relief and Rehabilitation Administration (UNRRA), Interim Aid, Government and Relief in Occupied Areas (GARIOA), the Export-Import Bank, and the World Bank, a final judgment may never be rendered. There are simply too many variables to account for. "The Marshall Plan was necessary," Kindleberger has concluded, "though not sufficient to achieve the economic recovery of Europe." Besides "amen," a sensible response might be to stretch the meaning of Europe's recovery to include psychological and political factors.[7]

Strengths

For what reasons did the Marshall Plan achieve necessity, though not sufficiency, in the revival of western Europe's economy, the return of hope and optimism among its people, and the containment of Communist advances in several of its nations? Its successful outcome was, in crucial ways, fixed at the beginning. The first, and perhaps most obvious source of strength, was that the Marshall Plan was in fact a "plan." Within American guidelines, the OEEC required every Marshall Plan country to formulate a four-year program that was reviewed, revised, and approved before being amended by the ECA. OEEC established broad outlines, which the ECA later invoked in pressuring compliance in specific ways. Well known, of course, is Harlan Cleveland's pronouncement that, in a conventional sense, it was not a plan, because of "frequent course corrections" during its lifetime. A sticky, semantic wrangle is easy to dodge because Richard Bissell's one-time Executive Assistant went on to reclassify the Marshall Plan as "real planning," an example of a "brilliant series of improvisations" that followed a "general sense of direction." Putting greater emphasis on its "direction" and its explicit four-year deadline, others have detected adjustments, but little of the ad hoc, or stopgap, or seat-of-the-pants in its extended operation.

The Marshall Plan was comprised of structured and disciplined programs. The ECA and OEEC negotiated and coordinated all projects, with

ECA Washington evaluating their regional impact. The sunset provision made European self-help a believable requirement. Since American aid was conditional, there was also a premium on accountability. Bilateral agreements spelled out the obligations of all sixteen recipient nations. Both donor and recipient, in other words, collaborated on specific goals. The ECA could, at any time, discontinue or abridge an aid package for default on terms of mutual consent. The leverage that conditionality bestowed on the donor extended to the threat of impounding counterpart funds. Setting the Marshall Plan apart as well was the general coherence of methods and goals. Had the ratio of financial assistance been tilted more heavily toward long-term loans, recipient nations would have assumed a debt burden jeopardizing future economic growth. In the case of Secretary Marshall's vision, a formal plan and "real planning" ultimately reinforced each other.[8]

In their recollections, very few Marshall Plan alumni fail to commend its unbureaucratic quality. While a plan preceded it, and "real planning" attended it, the deadweight of bureaucracy did not handicap its execution. This was largely attributable to happenstance. The ECA's separate existence owed more to the "low esteem in which the State Department was [then] held by Congress" than to any appreciation of the superior qualities of an independent agency. Whatever the motive, separating the ECA from the State Department was a sound decision. Running the Marshall Plan out of a brand-new government agency meant that it conducted business without typical bureaucratic inertia and was spared the hardening of the arteries that debilitated other long-established, old-line departments. Built to act immediately, it was able, generally speaking, to respond to problems quickly throughout its life. Bureaucracies, according to William Pfaff, have a dual nature. The first is "to live off received ideas from the past, to which organizations and individual careers are attached." The second is "to defend those ideas when they are challenged, since new ideas are dangerous and usually make trouble." Marshall Planners were neither chained to old notions nor threatened by novel ones.[9]

The bureaucratic structure that did exist made sense. Milton Katz, Harriman's right hand man at OSR, looked upon the ECA's decision to copy how American armed forces organized themselves abroad as inspired. Maximum feasible autonomy in the field meant that the perspective in western Europe generally took precedence over the point of view at an ECA desk in Washington. The so-called "theater command concept" also functioned effectively for overseas civil administration. Eliminated was constant reference to Washington for decisions that could be better made on the spot. Because "the nearer the project, the closer the appreciation of realities," decentralized theater command enhanced operational understanding, efficiency, accountability, and speed. After the ECA, the concept fell out of favor in foreign aid circles, and a format discarded which had once been a significant governmental asset.[10]

A former information officer at both OSR and the French country mission summarized the Marshall Plan as "unlike your standard government bureaucracy" because "new ideas were encouraged and welcomed, red tape was virtually non-existent," and, best of all for creative individuals, "you were left alone to get the job done."[11] According to the former head of a country mission, who served in that capacity for almost four years, another big advantage of an independent agency was its ability to focus near-total attention on the delimited task at hand. The State and Commerce departments, by contrast, had to deal with too many competing problems to achieve the same efficiencies as the ECA. Moreover, with a deadline on its activities, and self-liquidation a matter of law, the ECA sidestepped the perils and pitfalls of careerism. Marshall Plan officials abroad could afford "to stick out their necks to get results" in ways that middle-grade Foreign Service Officers in the State Department often could not.[12]

For most of its life, the ECA's relatively small size preserved its unbureaucratic character, and was a decided advantage. Initially, Paul Hoffman impersonated Jimminy Cricket, assuring Congress that he could administer the Marshall Plan with around five hundred people. It turned out to be wishful thinking and an overly sanguine prediction. In early 1949 the ECA's total payroll, home and abroad, had still not surpassed fifteen hundred. But near the end of its second year, roughly a thousand people worked in the Washington office and another twelve hundred throughout Europe. At its peak, during its heyday of power and influence, the combined American staff at headquarters in Washington, OSR Paris, and the seventeen country missions never exceeded twenty-four hundred. Never as lean as Hoffman envisioned, it still retained a human scale until absorption by the Mutual Security Agency. Much like the Marine Corps, a small, elite organization bred the virtues of high morale, a gung-ho attitude, and genuine camaraderie. Such qualities took time to emerge in Paris. At the outset, OSR suffered greater turnover in the "middle command" than Washington did. Three of its divisions, in fact, had three chiefs before the first year ended. Still, the initial instability in Paris never affected its top-level or junior-level recruits.[13]

A linkage between leanness and speed was also forged at the outset, setting a pattern and tone for the future. At Washington's Miatico Building, ECA applicants for foreign assignments experienced a most unbureaucratic treatment. There, in a one-stop service and in no more than two days, they were hired, processed, and medically examined; received almost immediately their security clearances; obtained their passports and travel vouchers; and were propelled on their way to their European posts. Indicative that a second Red Scare was not yet at high tide, appointments were made subject to a full Federal Bureau of Investigation background check at a later time. The potential for acute gridlock and a gigantic snarl was thereby sidestepped.[14]

The ECA's premium on speed had become a habit in official Washington by the summer of 1948. Compared to the American response to the 1970s energy crisis, a policy that took four years to develop after the October 1973 oil embargo, only ten months elapsed between Marshall's Harvard speech and the creation of the ECA. For reasons of the ECA's size and sensibility, "large ideas [could be] translated into action so much more quickly then than [the United States] can now." Not only do large established organizations generate massive amounts of information, but they also serve up "too rich a diet of facts and theories" to decision makers. In heavily bureaucratic structures too much knowledge can be as bad as too little, clogging the process of decision making.[15]

In truth, after two to three years the size of the ECA bureaucracy did become a noticeable problem, but not in Washington. OSR in Paris, where Averell Harriman was in charge, became organizationally flabby towards the end of its existence. By then, its unwieldy staff was comprised of 630 Americans and 800 Europeans, numbers that convinced Richard Bissell back in the States that "OSR had gotten out of hand as to size." One Marshall Plan insider has conjectured that had the Department of Commerce—ironically, Harriman's former department—been given the assignment to oversee the Marshall Plan, ECA's officialdom "would have numbered in the tens of thousands." It was heading in that direction. Primary responsibility for the ultimate bloat in Paris lay with the man authorized by Congress to hire personnel in Europe, the former Secretary of Commerce himself.[16]

Forever reminding his assistants that he wanted "a very small staff," Harriman's intentions were never the issue. He allowed the situation to balloon because he was, at bottom, "positively subversive of good administration."[17] Conditions in Paris might have been even worse, except that Vernon Walters joined Harriman's inner circle as his personal interpreter. Reassigned from Army intelligence, Walters did the work of at least six translators. Credentialless, with degrees from neither high school nor college, Walters was a phenomenal linguist, able to converse in sixteen languages with native fluency in six western European tongues. His immense value as a public servant during the Marshall Plan continued for the remainder of his life.

Nothing increased the likelihood of the Marshall Plan's success more than two factors: overwhelming domestic backing and the high quality of the recruits which public popularity helped to generate. The ECA had, as Melbourne Spector rightly underscored, "complete and unswerving support from the White House," as well as from the Congress and the public. The high command—Truman, Marshall, and later Acheson—cared deeply and were inspirations. Located in the Miatico Building, at the corner of 17th and H Streets, ECA's offices were less than a five-minute walk to the White House. Their proximity went well beyond symbolism. "If I wanted to see [President Truman] on anything," ECA's Chief of Mission in London recalled approvingly, "I never had as much as 24 hours wait to get in to see him." The Chief of Mission in The Hague regarded the Marshall Plan's "greatest single asset" to be the "enthusiastic sense of mission" that its top people instilled. If executive leadership had not been so concerned, and had the public been indifferent, then the rank-and-file might have not volunteered, or lacked conviction, or else in short order lost heart. Truman, Marshall, and Acheson imbued their undertaking with a special spirit and vitality.[18]

ECA's employment policies helped greatly, too. Until his resignation in January 1949, Secretary of State Marshall never meddled in the administration of the plan bearing his name. He never proposed to Paul Hoffman, the man in charge, a single appointment, and not once did he tell him how to run his agency. With a free hand in hiring, Hoffman established ground rules for all recruiters. According to his biographer, Hoffman wanted "our ablest citizens" to staff ECA. To a degree, the right connections did matter, but only when talent and experience were more imposing parts of the mix. Former colleagues and prior professional associates headed his list. A division of labor prevailed, with Hoffman wooing leading businessmen and bankers (and one college president) for whom he could vouch. They filled an estimated 60% of the leadership and management positions. Bissell hired most of the policy-making staff. A former Harvard law professor, Milton Katz recruited for OSR some of his finest law students, like Kingman Brewster and John McNaughton. For program officers assigned to country missions, Lincoln Gordon hand picked economists he knew personally, preferably just like himself, an academic economist with practical experience in a wartime agency. Gordon's staff was "about half and half from universities and government agencies."[19]

Hoffman's Rules approximated the democratic ideal, a situation rare in the annals of government recruitment. They governed the web of mutual respect and friendship, the personal "old school–old boy–word-of-mouth network," and the more formal application process operating side-by-side. Hoffman's principles of broad representation, diverse backgrounds, and exceptional merit, along with his bans on political patronage, party hacks, nepotism, and cronyism, guided the selection process. "In screening [personnel]," Hoffman explained, "our idea was that the choices must reflect America—including government, business, labor, agriculture, education, etc." Given Hoffman's commitment to a national cross-section, his "etc." requires elaboration.

ECA extended rights of admission to New York and Boston law firms, all regions of the country, all religions, and both political parties. Alan Valentine, first chief of mission in The Hague, actually received his offer to join ECA while at the Republican Party convention in Philadelphia nominating Thomas Dewey. "There were," Lincoln Gordon recalled, "no political tests whatsoever," and party loyalists received no preferential treatment. Selectivity was stringent. Of the 70,000 applications received during the first six months of the Marshall Plan, only 350, or 1 out of 200 who applied, were hired. Personnel applications were still running at around 25,000 in early 1949. Not too great an exaggeration was the recollection of one Marshall Planner that "everybody wanted to work" for ECA in its early years. Richard Bissell remembered that recruitment was "very easy" because the popular ECA was "a glamour agency for a time."[20]

By and large, the major regulations imposed by Hoffman assured positions of authority and power to the meritorious from various professions, occupations, and colleges. Rather than merely a Yale reunion, like the CIA at the time, a meritocracy of ability and high achievers eagerly took up responsibility. Graduates from the Ivy League, and other elite educational institutions, were prominent but never monopolized the important positions in the Marshall Plan. The poster boy for the diversity of its personnel was Paul R. Porter. A graduate of the University of Kansas, where he had been a "militant socialist," Porter later published trade union newspapers in Kenosha, Wisconsin, before working as an official in both American Federation of Labor and Congress of Industrial Organizations unions. Porter's unusual background never prevented him from holding three major positions: Mission Chief in Athens, Assistant Administrator in Washington, and Acting Head of OSR in Paris. In fact, Harriman selected him to head the Athens mission because he had "a labor, socialist background" and therefore "might be a little bit tougher on the Greeks" than his predecessor, an investment banker, had been.[21]

For many new recruits to the ECA, government service on the homefront in World War II had been the rehearsal and test that they passed with distinction. Their wartime auditions assured them their later peacetime positions. Very few amateurs ever gained employment. Though Richard Bissell and Samuel van Hyning worked for the War Shipping Administration, the most favored of all wartime agencies was the War Production Board (WPB), where more than fifteen Marshall Planners, including Milton Katz and Lincoln Gordon, served their apprenticeships. Calling ECA the WPB Alumni Association was not far-fetched. Prior experience in the federal government proved invaluable. (See Appendix A.)

Another hard-and-fast condition for employment was that there were to be no outside pressures, particularly no political meddling or influence-peddling in staffing positions.[22] This was a great taboo. One incident illustrates its rigid and ironic enforcement. In May 1948, a member of the Senate's inner circle, old friend of President Truman, and senior Democrat from New Mexico, Carl Hatch, pressed the ECA's Director of Personnel and Administration to hire his son-in-law for the unfilled position of Chief of Mission in Athens, a decision ultimately in Averell Harriman's hands. Hatch was best known in Washington as the legislator who had authored in 1939 the Hatch Act, banning federal government employees from political campaigning. Reforming dubious political practices was not on his mind nine years later.

In possession of exceptional qualifications, Senator Hatch's son-in-law happened to be a fine candidate on paper. He had an M.A. in Public Administration from the Maxwell School at Syracuse, and he had already spent three years in Athens, two in relief work with UNRRA and one as a United Nations adviser to Greece. Nonetheless, Hatch's meddling constituted a potentially dangerous precedent, his family relation was passed over, and a Chicago investment banker with experience in the War Production Board was hired instead. The applicant thus paid for his father-in-law's transgression. Not even ranking Senators received free passes from Averell Harriman. The closest Hoffman ever approached favoritism was co-opting Maurice (Tex) Moore as his Special Assistant. Senior partner in Cravath, Swaine and Moore and consummate Wall Street lawyer, Moore helped the administrator spot good managerial talent. He also happened to be Studebaker's high-priced counsel. More importantly, he was Henry R. Luce's brother-in-law and chairman of the board of Luce's Time, Inc. Moore's business association, friendship, and family ties linked his boss/client to a powerful media voice. In the Special Representative's office, Harriman ignored the rules at least once when he selected as a special assistant Michael Forrestal, the twenty-one-year-old, inexperienced son of his friend, the Secretary of Defense.[23]

Because the Republican 80th Congress, appropriator of funds in 1948, distrusted the State Department, a tacit understanding shaped staffing. There was to be no wholesale relocation of personnel. Although they provided advice and counsel, or like Harold B. Cleveland, assisted on "temporary detail," few ranking officials either transferred outright into ECA from State, or else were permitted to wear two hats. C. Tyler Wood, Philip Bonsal, and later Henry Labouisse were three notables who made the move. Out of sheer necessity, State did loan a handful of mid-level specialists to ECA to set up a foreign service personnel system for its country missions. They modeled the new structure on State's traditional arrangements. Except for a raid on the Division of Investment and Economic Development that netted Program Review Officers for missions in Copenhagen and The Hague and added Hubert Havlik to OSR's staff, those early helpful advisers were just about the only other civil servants hired out of Foggy Bottom. ECA's mission chiefs were almost all from private life, ranging from college presidents (Alan Valentine), to corporate executives (James David Zellerbach), to union officials (John E. Gross).[24]

Also beneficial was the prohibition on hiring openly partisan applicants. Hoffman, a Midwestern Republican moderate, and Harriman, an Eastern Democrat, symbolized the bipartisan spirit that shaped employment procedures. While certainly not a partnership of opposites, ECA's leadership exhibited how the duty of citizenship and a common identity superseded political, regional, and educational differences. Hoffman was a University of Chicago dropout, a salesman and manufacturer, and no admirer of the New Deal in the 1930s. In fact, he had backed Wendell Willkie in 1940 and Thomas Dewey in the most recent presidential election. Harriman was Groton–Yale–Skull and Bones, an investment banker, an early supporter of the New Deal, and an admirer of Franklin D. Roosevelt. Like the other "Wise Men," Harriman was always more attracted to *realpolitik* than ideology. Even though Republicans definitely outnumbered Democrats as ECA managers, political friction in a Democratic administration was minimal. The absence of partisanship, or its transcendence, at least as witnessed by Henry Reuss while working for ECA in Paris, contributed to a distinctive sense of teamwork. A future fourteen-term congressman, Reuss came to know something about the corrosive quality of partisanship in government.[25]

The Hoffman Rules helped to put decision making in the hands of a remarkable group of Americans. The egocentric did not volunteer, and very few dim lights went to work for the ECA. Europeans who dealt with them on a daily basis over a long period later paid them high compliments. The Federal Republic of Germany's representative to ECA Washington from 1949 until 1952, Gunther Harkort, has provided a revealing, nuanced performance review. Harkort began by conceding that "giving aid to foreign countries is not easy." He then emphasized that "whoever wishes to help quickly and efficiently and who at the same time calls on the receivers for self-help, needs great persuasive power, ample subject knowledge and a good deal of psychological skill." Did the Hoffman team possess such attributes? "On the whole," the German official concluded, "the American personnel . . . did justice to their task." The head of the section in the Dutch Ministry of Foreign Affairs responsible for the Marshall Plan was even more complimentary of the country missions. Ernst van der Beugel "never [saw] an example of a difficult job so well performed as in most ECA missions." Admiration stemmed from his realization that "if they would have been less tactful, there could have been very, very great difficulties." Instead, "the job they did, the people they sent, were absolutely outstanding."[26]

David Halberstam once applied the term "best and brightest" to John F. Kennedy's foreign policy team, but it is a much better fit for the Marshall Planners. (See Appendix B.) Three typical examples are Lincoln Gordon—Rhodes Scholar, Harvard professor, and future President of Johns Hopkins University; Thomas Schelling—Yale and Harvard professor and in 2005 Nobel laureate in Economics; and Richard Bissell—MIT professor, manager of the U-2 Project after joining the CIA in 1954, and utterly indispensable to ECA's success, yet someone who "shunned self-promotion and avoided publicity." Reassured by public approbation, Marshall Planners mixed pragmatism with idealism, and a missionary spirit with first-rate brains. They were not self-serving, believed in the value of government activism and enlightened public policies, and picked the nation's welfare over narrow personal or group interests.[27]

The motives of the recruited obviously varied, but some like Lincoln Gordon were impelled by history's powerful sway. Gordon sensed quite personally the long shadow cast by Versailles. As a Rhodes Scholar in the 1930s, he had traveled throughout Europe as a student tourist, a first-hand encounter with the folly of the past. He came to believe in a national imperative not to repeat the supposed blunders and mistakes that his country had committed after 1918. "I was very conscious," Gordon has revealed, "that what had been done after World War I was absolutely awful." Postwar American policies had, in his judgment, "created the mess that led to the depression . . . and . . . World War II." So, in the summer of 1947, at age thirty-four, off he went to Washington from Harvard's cloistered campus, driven by his sense of history's lessons to get it right and win the peace this time around.[28]

George C. Marshall supplied the vision for a historically minded Gordon. At ECA, brilliant and motivated thinkers made his abstractions concrete, revolutionizing the business of foreign aid. American crusaders produced novel concepts and significant advances in the mechanisms of helping Europeans. Their refinements and innovations brought the curtain down on stodgy, old-fashioned relief efforts, especially the simple bank-transfer method previously utilized by UNRRA. The most inspired changes introduced by Richard Bissell's policy staff included commitment letters, procurement authorizations, counterpart funds (mandated by Congress), conditional aid, and drawing rights. There was also the European Payments Union (EPU), the Marshall Plan's showpiece, as well as technical assistance.[29]

Innovations

Of course, the process of allocating American aid originated with Europeans themselves. Once OEEC's proposal for collective European recovery received final ECA approval, recipient nations organized their orders through state-run purchasing missions in the United States, dealing with ECA Washington on strictly government-to-government terms. ECA then followed a series of original steps. First, a general agreement or "commitment letter," essentially a promise to pay, was issued to the purchasing mission covering specific allotments in the annual grant and approving negotiations with American suppliers. If a sale resulted, then a "procurement authorization," or PA, was granted to the same governmental mission or private European purchaser, specifying the price that ECA would pay for a particular commodity or machine. Cashable at a designated American or European branch bank, the PA converted into dollar payments for American sellers. Authorized banks also compensated non-American suppliers in dollars, since during the Marshall Plan's first year only 66% of all orders for commodities were placed in the United States. The rest were contracted offshore, in Canada, Latin America, and wherever non-American oil might be obtained globally.[30]

In the last step of the purchasing process, participating banks redeemed their PAs at the U.S. Treasury, reimbursed from ECA dollars on account, a fund to which every American over the life of the Marshall Plan contributed roughly eighty dollars. The method developed by ECA greatly delighted a still frugal and waste-conscious Congress whose leadership included some notorious penny-pinchers. New York's John Taber, the prickly Chairman of the House Appropriations Committee and supervisor of all foreign aid, stood out. The new techniques appealed to Congressman Taber because relatively few dollars ever left the United States or even passed through foreign hands—by program's end an estimated 83% of all dollar purchases were spent in the United States. What also pleased Congress were well-designed and rigorous accounting controls that were adopted upon arrival of ECA commodities abroad. The entire system virtually eliminated the perennials of foreign aid—corruption, black marketeering, and scandal.[31]

In fact, the Marshall Plan was a model of incorruptibility. What ECA administrators spent in four years, translated into contemporary dollar equivalence, totaled nearly $100,000,000,000, a powerful temptation to wrong-doing and peculation. Yet, in Lincoln Gordon's summation, "by and large this was an incredibly clean operation," marred by a solitary financial scandal involving Austrian cabinet ministers and their diversion of counterpart funds. Leading members of the OEEC, with a different perspective, agreed with Gordon. A United Kingdom Treasury official, R. W. B. Clarke, offered the Marshall Plan one of many fitting epitaphs: "a remarkable success in avoiding scandals." Perhaps with Lyndon Johnson's Great Society as his unspoken yardstick, an American journalist extended the ultimate praise. "Most liberal high purpose collapses in fraudulent accounting," Theodore White wrote in retrospect, but "the Marshall Plan did not."[32]

To remedy the balance of payments problem, the Marshall Plan provided gifts to nations of goods pegged ultimately to private or public purchases. Inasmuch as the owners of commodities upon their delivery in cargo ships at European ports were technically the various recipient governments, the next ECA innovation involved resale of American "gifts" to local importers for equivalent value in local currencies. The transaction generated government income called "counterpart." One of the Marshall Plan's lesser appreciated features was the bedrock assumption on which it was predicated, and upon which it relied, namely, "sufficient purchasing power of the [European] population" allowing Washington's overall strategy to play out properly. Proceeds from local purchases, acting much like a tax transfer, were deposited in local banks as a counterpart fund. Whether designated for debt reduction or domestic investment by recipient nations, its use was subject to ECA veto, one more deterrent to corruption.[33]

Another of its myriad strengths was the considerable flexibility that ECA permitted in the purposes to which these special accounts were put locally. Some nations used them to battle inflation by reducing budget deficits and slowing down their printing presses. Others financed reconstruction projects and improvements in infrastructure. The French, for example, used 7% of their counterpart funds to rebuild their railroad system and 27% to develop an electric power network, each in service to their own Monnet Plan. The Monnet Plan's Deputy Commissioner during the Marshall Plan years later confirmed that "Marshall funds were allocated according to the Monnet Plan with the understanding of the ECA people." Nearly half of all public investment authorized by the Monnet Plan from 1948 through 1951 can be traced to ERP aid. Italy invested 26% of its liras in modernizing transportation and 20% on improving agriculture, while England spent 97% of its pound sterling account on shrinking its huge public debt, obviating astronomical taxes.

France: Above—*U.S. Ambassador Jefferson Caffery welcomes the first shipload of Marshall Plan grain.* Right: *Aunay-sur-Odon, completely demolished during the war, being rebuilt.* Below: *Paris rail yard after reconstruction.*

Norway used all its counterpart for debt retirement. In such manner, Marshall Plan grants did double duty with extra value as economic stimuli. Since loans required no counterpart, and because over $1,000,000,000 in counterpart was either not released or else not spent, $11,700,000,000 in grants morphed into more than $20,000,000,000.[34]

Ever since the end of World War II, currency convertibility posed a severe stumbling block to Europe's rehabilitation. As a temporary and limited solution, and as a prod to Europeans to help each other, Marshall Planners introduced the applied concept of drawing rights. Their purpose was to reduce dollar deficits by expanding credits in Continental currencies. The device called into existence a distinction between direct or unconditional aid, and indirect or conditional aid. Besides their normal direct assistance, Europe's developed, industrial nations received indirect aid if they accepted responsibility for its redirection to the ECA's developing, debtor countries. Such aid usually took the form of industrial products and expertise that might otherwise be blocked from Europe's export-import channels. In practice, it meant a "mini-Marshall Plan" with the U.K., France, and Belgium creating credit margins, from dollar balances favoring the United States. They then granted to, say, Greece and Turkey drawing rights in their respective currencies in order to manage the convertibility problem, freeing up greater intra-European trade. Resting on bilateral balance of payments and hard bargaining, drawing rights allowed some Marshall Plan nations to purchase industrial products in Europe rather than the United States or the dollar region. Because this effectively took business and sales away from American companies to expand intra-European commerce and facilitate greater European interdependence, Marshall Planners elevated national ideals above narrow, short-term self-interest in implementing this innovative idea.[35]

In September 1950, Marshall Planners upped the ante of America's unselfishness, scrapping drawing rights and replacing the device with a vast improvement for intra-European trade that functioned efficiently for over eight years. ECA earmarked a $600,000,000 grant, about 15% of all Marshall Plan appropriations for 1950, to fund a revolutionary mechanism, the European Payments Union. Of that amount, the EPU received $400,000,000 over the next two years. (See Appendix D.) Richard Bissell later boasted in his memoirs that the EPU rated as nothing less than "the greatest achievement of the Marshall Plan." Boast it certainly was, for the EPU was the brainchild of Bissell's own creative staff at ECA's Washington headquarters. With Ted Geiger playing a valuable role in its conception, it was American by initiative as well as by design. More significantly, it allowed OEEC to acquire its greatest credibility. The former Director of its Economic Division, Alexander Cairncross, has pointed to the EPU's response to West Germany's 1950 balance of payments crisis as proof of a maturing European sensibility, "the first occasion of successful self-help among the European countries." "The USA stood back from participation in this," the Englishman recalled

Austrian electrical engineers study a new generator at the General Electric plant at Schenectady, New York, under the Technical Assistance and Productivity Program.

with satisfaction, leaving European countries "to rescue the Germans."[36]

A major breakthrough, the EPU knocked down traditional barriers to multilateral trade by making all European currencies readily convertible, a solid foundation on which subsequent European economic growth depended. It had as well an important German angle, freeing West Germany from its prewar and wartime "debt overhang." Thus unbound, German industrialists became the nitroglycerine for an extraordinary explosion in intra-European trade. But the resulting Continental prosperity was also at America's expense, with the ECA waiving some American rights and further weakening its trade figures. As a supreme act of American self-confidence and altruism, it rivaled or perhaps even surpassed Lend-Lease during World War II.[37]

Robert Marjolin, the OEEC's indispensable secretary general, has pointed out in his own memoirs that the EPU aided a future "formidable competitor" while inflicting short-term economic injury on the United States. Like drawing rights, EPU disadvantaged American business, this time by excluding convertibility of European currencies into dollars. In addition to sanctioning temporary discrimination against the American currency, it restricted American imports in order to stimulate greater European exports. Congressional admiration for the EPU proved to be far less than it was for PAs and counterpart funds. Over time, however, limitations on American imports were phased out and eliminated. Eventually, in 1958, western Europeans adopted a general convertibility that included the dollar.[38]

With its delayed fuse, the United States Technical Assistance and Productivity Program, or USTAP, qualifies as the Marshall Plan innovation with the biggest bang for the buck. Under its auspices more than six thousand European managers, workers, educators, and engineers visited the United States to learn production and construction methods by the end of 1951. They toured factories, conversed with businessmen and labor leaders, and attended management-labor seminars. The program traveled a two-way street, as hundreds of American specialists also went to Europe to teach and demonstrate the American System and know-how to Marshall Plan recipients. European engineers took crash courses, for example, on highway improvements, courtesy of ECA. When they completed classroom curricula, they put theory to practice, undertaking field work in the United States. To increase the flow of dollars into the European economy, ECA also established technical assistance training in the field of tourism, with Austria a primary beneficiary. Besides building new roads and launching new industries, the purpose of all the instruction and retraining was to boost European productivity through adoption of American practices.[39]

Although begun in the fall of 1948, technical assistance was promising yet inconsequential at first. By the end of 1949 only $5,000,000 was budgeted for USTAP. By the time the Marshall Plan ended on December 31, 1951, its expenditures totaled just $30,000,000, or less than 1%, out of the billions spent. It was an amount regarded by Imanuel Wexler as too paltry to modify long-established European attitudes towards business. The response, actually, was mixed. British and French management put up an especially stiff resistance to copying Yankee business practices and managerial styles while West German management was avidly receptive. Much more inclined to follow the American example, they had better results than their British and French counterparts.[40]

Its value underappreciated by Marshall Planners, USTAP expanded dramatically after MSA absorbed ECA. The brand new concept it embodied then caught on, and its potentialities were fully realized. In 1953, with creation of a European Productivity Agency, the number of technical missions visiting the United States soared. To a large degree, western Europe's subsequent adaptations of American methods and ideas stemmed from the greatly enlarged technical assistance program originating during Marshall Plan days. In keeping with George Marshall's core conception, in the interaction of cultures in the 1950s neither American imposition nor full-fledged European adoption occurred. Technical assistance was a tale of voluntary, selective, and partial adaptations of Yankee models. Europeans embraced what conformed to their needs and values. Admittedly, from 1953 until 1958, when USTAP shut down after an additional $154,000,000 had been invested in its numerous projects, it "generated" in Jacqueline McGlade's findings "only modest [American] business participation and support." Concerns about compromising their trade secrets, losing their competitive advantages, and industrial espionage led some executives to withdraw their cooperation. This meant that after 1950 ECA's search for business consultants led increasingly to business schools rather than corporate boardrooms. Many prominent American businessmen, however, were willing to help potential European rivals by disclosing their latest equipment and manufacturing techniques.[41]

Weaknesses

The temporary national sacrifices built into technical assistance programs, drawing rights, and the EPU drew angry denunciations in Congress and the press, particularly among unreconstructed isolationists and xenophobes. However, such altruism in service to larger national purposes ought not to be considered a Marshall Plan weakness. Plenty of legitimate criticisms can be made of Washington's most acclaimed public policy of the last century. Praiseworthy is not synonymous with perfect. The Plan did and does have its faults and critics. With Congress and seventeen national economies to take into account, deficiencies naturally existed in its conception, and shortcomings weakened its execution.

The Marshall Plan exhibited the uses and abuses of quantification, along with the illusion of mastery that figures can foster. Of no small consequence were the imprecise statistics on which initial congressional authorization rested. In his memoirs, Charles Kindleberger confessed that he "felt like hell" fudging the numbers submitted to Congress to justify ECA appropriations for the first year. By his own admission, his final estimate of Europe's balance of payments needs was "phony," despite many all-night sessions on Pentagon computers crunching the data.

The initial CEEC and OEEC proposals, together with aspects of subsequent national planning, also witnessed the exaggerated value of quantification. In the absence of reliable documentation from numerous member countries, creative accounting and euphemisms mocked Marshall Plan methodology. In some instances, figures either grossly overstated or understated the economic situation. According to a Dutch delegate to the CEEC and OEEC, not only did "everybody cheat like hell in Paris, everybody," but he had "never seen so much cheating." To process an economic survey from the American State Department, the French government selected a foreign service officer. The diplomat subsequently confessed to Paul Nitze that "none of his figures had any basis in hard data. Rather, as Nitze has disclosed, the Frenchman "concocked out of his head what appeared to him to be reasonable estimates." Rendering his own country's numbers "pure guesswork," a Greek delegate to the CEEC filled out an important questionnaire himself rather than send it on to his government in Athens. "True," he admitted, "I have to invent a good bit . . . but do you think that in Athens they know more than I do?" Since Rome's statistical services needed upgrading, the Italian government's official statistics were likewise "of doubtful reliability." Italian historian Vera Zamagni has observed that the "chaotic state of the statistical publications" put out in 1948 and 1949 by ISTAT, Italy's National Institute of Statistics, led to their "political" use by those invoking them. Marshall Planners, as a consequence, insisted on compiling their own economic data. In the additional case of Turkey, economic measurements under review by the Americans were actually "made up." As not infrequently happened in the Marshall Plan's early years, vital information, like the 1947 per capita income for Turkey, Greece, and West Germany, was derived from highly elastic "estimates."[42]

The companion of soft statistics was the squishy metaphor. For public consumption, though not necessarily in private conversation, the basic problem confronting Marshall Planners was how to restore western Europe to prewar economic conditions, a dubious guide for the Europe of 1952. Quickly becoming a cliché, the preferred figure of speech for selling the Plan to Congress and the average citizen entailed, in the words of Secretary Marshall, "getting Europe back on its feet." In fact, the reality on the continent was much more complicated, and the poor metaphor chosen invoked the wrong anatomical part and implied that a crutch might be sufficient. Before World War II, Europe was on its economic and financial buttocks rather than its feet. Its severe structural problems in the 1920s and 1930s did not magically disappear in 1938, the standard selected as baseline for measuring success or failure. In consequence of a politically convenient but flawed diagnosis, maldistribution of income, low standards of living, high unemployment, medieval farming practices, and even inflation never received early on the highest priority they deserved, especially when their pursuit undercut anti-Communist politicians and parties. "Perhaps a deficiency of ECA," a former head of the Program Review Division in the Athens Mission, Helene Granby, has noted, "was in not having clearer social goals." Predictably, after four years of the Marshall Plan, Italy and West Germany still had destabilizing levels of unemployment, while France and Greece continued to experience severe inflation. Rising prices threatened to roll back the gains of greater productivity. Indeed, Professor Randall Woods has concluded that "curbing inflation was not one of the ERP's major successes."[43]

Ambiguities and contradictions matched such questionable reasoning and language. Professions of Marshall Planners did not always square with their practices. There is considerable merit to Michael Hogan's idea that the Marshall Plan was, in many ways, the New Deal switched to an international setting, a European extension of the Public Works Administration, Rural

Electrification Administration, and National Labor Relations Board. Certainly, Averell Harriman thought in such terms, and some country mission chiefs, like John Nuveen in Athens, for example, had been ardent supporters of Franklin Roosevelt and the New Deal. Both the Marshall Plan and New Deal originated in attempts to reconcile free markets with government planning and ended up a Keynesian shuffle. Throughout its existence the Marshall Plan's balancing act rivaled the New Deal's juggling of a mixed economy. Its twin aims of recapturing the fictional European free markets of the 1920s and 1930s (with eastern Europe deleted from the script) *and* engaging in elaborate collective planning struck some economists, like Germany's proponent of supply-side policies, Ludwig Erhard, as contradictory. This is also a judgment that applies to professing globalism ever since Bretton Woods yet practicing regionalism in western Europe.[44]

There was furthermore a latent problem with ECA personnel that manifested itself after two years of operation. A limited pool of expertise in the United States left the Marshall Plan vulnerable to outside events. It always took a special person to accept the calling to fulfill George Marshall's vision, and the reservoir of qualified, motivated missionaries, never huge, approached depletion by late 1950. Just before the Korean War broke out, Averell Harriman confided to C. L. Sulzberger that "most of the people who [now] offer themselves for government jobs are not much good in private life." Three reasons existed for the waning of the vision's appeal and the thinning of quality in the ranks: the North Atlantic Treaty Organization (NATO), the Korean War, and the Mutual Security Agency. Establishment of NATO headquarters in London took some of the original luster off ECA and diluted its applicant pool. In the recruitment of personnel NATO operated as a competitor with OSR, Paris, rather than a complement. It did not help either that Averell Harriman, in open disagreement with Paul Hoffman, tilted towards NATO as having a more important responsibility than ECA in the Cold War. The Korean War slowly transformed the Marshall Plan into a more military-oriented, less economic-minded enterprise. For some, ECA's enlarging role in European rearmament took the bloom off their crusade. The final deterrent to the continued recruitment of an elite, independent force was MSA's absorption of ECA, removing it from the public spotlight. By 1951, an unglamorous State Department had reasserted its power over the business of foreign assistance.[45]

Additional flaws surfaced in ECA's dealings with other government departments. Interagency rivalry, as much a bane of the republic as partisanship, impaired the workings of the Marshall Plan. Mutual support and cooperation occasionally broke down after ECA became operational, with the incessant squabbling in West Germany between OMGUS and ECA a national disgrace and an object of European befuddlement. A few jurisdictional battles, at times a lack of coordination, and some friction as well as bitter feuding between country missions and local embassies blemished its record. For example, Ambasssador Henry Grady and Chief of Mission John Nuveen clashed in Athens, each withholding cooperation. Grady insisted on Nuveen's ouster, but Paul Hoffman rejected his demand for six months. Finally, in the summer of 1949 Nuveen was transferred to another ECA mission. In Rome in April 1951, Ambassador James Dunn, a career foreign service officer, severed all embassy ties with ECA's Information Division in retaliation for allegedly disparaging stories about him in the press. Convinced that the division chief, Frank Gervasi, fed their contents to muckraker Drew Pearson, Dunn wanted him fired, too. A one-time foreign correspondent with an international reputation, the much-admired Gervasi retained the support of his bosses in Rome, Paris, and Washington. When Ambassador Dunn left his post in 1952, Gervasi was still running ECA's best information operation.[46]

"There was," Milton Katz has recalled, "no one United States approach" to European problems. Well known is the State Department's objection to, and lack of sympathy with, ECA's promotion of Europe's regional integration, beginning with Paul Hoffman's famous October 31, 1949, speech in Paris. About this objective, State and ECA seldom occupied the same page. But ECA's most serious failing was its deviation from orthodox foreign policy, which led to tense and troubled relations with the State and Treasury departments. Since Bretton Woods the United States had sworn allegiance to economic internationalism, a goal upheld by State and Treasury after World War II, but flaunted by ECA. A hotbed of regionalists with its own distinctive approach to problem solving, the ECA refused to coordinate its development of the European Payments Union with any other government agency, believing that its pragmatic, short-term thinking took precedence over long-run, global thinking at State and Treasury. In other words, EPU at least temporarily had to eclipse the General Agreement on Tariffs and Trade (GATT) in importance. In a brazen power play, Richard Bissell and cohorts ran roughshod over both agencies, generating considerable enmity. EPU was Bissell's finest hour during his years at ECA, but his tactless clash in 1950, particularly with an incensed and more legalistic Treasury Department, was not.[47]

The Myth of Belly Communism

One of the Marshall Plan's goals, according to Melvyn Leffler, was "to undermine appeal of Communist parties" in western Europe. Six months into the ECA's existence, Averell Harriman, with the Greek Civil War clearly on his mind, stretched that ambitious aim to encompass "arresting and defeating Communist internal aggression."[48] Did the Marshall Plan actually achieve those political and military objectives?

The affirmative side has long cited the dramatic defeat by the Christian Democrats of the Communists in the April 1948 Italian elections and the victory in September 1949 by the Greek National Army over Communist insurgents as compelling evidence of success. One Marshall Plan official summarized in the 1950s what many Americans still believe—"without the Marshall Plan, Italy would have gone over to Communism." R. W. B. Clarke, British Treasury Department official, saw the Marshall Plan's triumph in even grander terms: "a stupendous and unqualified success in . . . stop[ping] Communism in Europe." More recently, Curt Tarnoff has found proof of that achievement in an allegedly 33% decline in Communist popularity in West Europe between the 1946 and 1951 general elections, when the "combined pro-Western vote was 84% of the electorate."[49]

To be sure, the postwar Center-Left-Communist political alliance throughout much of West Europe came apart under Marshall Plan and other pressures, relegating Communist parties after 1948 to a permanent minority role in government. There are, however, problems with generalizations about the appeal of a Soviet-style system. Credible is the notion that wherever Socialists were strong, Communists were usually weak, as the Belgian Socialist Paul-Henri Spaak liked to point out. Moreover, in some parts of Europe, the United Kingdom for instance, Communists never commanded much of a following after World War II. By contrast, Communist parties in Benelux and Scandinavian countries wielded for a time surprising strength: they obtained 13% of the vote in Belgium in 1946, 8% in Denmark the following year (along with influence in the trade unions), and 10% of the electorate (and 10% of the legislative seats) in Norway prior to the Marshall Plan. These were all high-water marks for Communist political power.[50]

On closer inspection, the Marshall Plan's impact on the growth of indigenous Communist movements in Italy, France, and Greece, where their threat was greatest, seems far less impressive. Like a barnacle, a myth—the myth of "belly communism"—has even attached itself to the Plan and been carried along for years. Besides introducing counterpart funds, technical assistance programs, and the EPU, Marshall Planners fashioned an enduring misconception that their diagnosis of the sources of Communist power was sound: poverty, hunger, unemployment, and misery functioned as the incubators of Red fascism. Achievement in their clash with communism was always more modest than the public claims on its behalf. They did cap or slow Communist growth, undeniably, but in their containment of the threat they also benefited greatly from outside events, frequently unrelated, which they never fully appreciated or acknowledged. The myth finally needs dislodging.

Consider, for instance, Communist political fortunes in Italy, France, and Greece during and after the Marshall Plan. Prior to the April 1948 elections, and with the Marshall Plan just a few weeks old, Secretary Marshall reminded all Italians that a Communist victory at the polls meant self-disqualification from the new American aid program. Later in the year, America's Ambassador in France repeated the tactic, warning the French government that continuation of dollar grants depended on retention of a ban on Communists in the Cabinet. Undoubtedly, the Marshall Plan effectively blocked Communists from participation in the ruling coalitions in Rome and

Paris. And western Europe did move Right during its existence. But did American ultimatums, along with the arrival of massive amounts of free American commodities in Italian, French, and Greek ports over the next four years, "undermine" Communist strength in those three countries?[51]

The answer revealed in voting data is a surprising "no." As George Quester has remarked, during Marshall Plan days Communists had an "irreducible appeal" at election time. In the much-misunderstood 1948 Italian elections, Communists actually increased their percentage of the vote over 1946. Responsibility for swinging the election to the Papal favorite, the Christian Democrats, rested with the Vatican's unprecedented intervention in the campaigning. In C. L. Sulzberger's meeting with Pope Pius XII two months before the election, the Pontiff related that the Catholic Church was "doing everything possible to prevent" Communists from coming to power. With a 92% turnout on election day, the outcome hinged on "getting out the abstainers and faint-hearted, not on reducing the left, which basically held its vote." By mobilizing the middle class and the previously uncommitted, the anticommunists prevailed.[52] Additionally, after 1946 Socialists gravitated to the Centrist parties, further enlarging their ranks. Though not greatly, Communist Party tallies climbed again in the 1953 elections, when over six million Italians voted the Communist ticket, and then remained at around 24% of the electorate in the 1958 parliamentary contest. Rather than weaken, Communist Party support showed great durability throughout the late 1940s and 1950s. During those years the Mayor of Florence was a Communist, and a Communist rally in his city attracted five hundred thousand supporters in September 1949.[53]

A similar situation prevailed in France. Maurice Thorez, a former miner and the Stalinist leader of the French Communist Party, sat in the Chamber of Deputies from 1946 until 1958. From his political perch, the man who had spent World War II in the Soviet Union parroted the latest Moscow line, continually assailing the Marshall Plan as "an American project to colonize Europe," a sentiment echoed in the Communist daily, *l'Humanité*. His graffitists scrawled ironic "Ami, Go Home" slogans on the walls of Paris. In February 1949 he escalated his agitprop, publicly proclaiming that French workers were prepared to welcome the Red Army into Paris as liberators. Thorez's radical rhetoric only solidified the party faithful. With the exception of a 13% drop at the polls in 1951, from 1945 until 1958 France's Communist Party endured as impressively as its Italian counterpart, commanding the allegiance of between 25 and 30% of French voters. In 1956, it was still the country's most popular party. Smash-up did not finally occur until November 1958, when the Gaullists crushed the Communists.[54]

The strangest political situation took place in Greece. Notwithstanding its defeat on the battlefield, its leadership in exile, and American largesse approaching $1,000,000,000 for the anticommunist government, support for the Greek Communist Party, the KKE until reconstituted as the EDA after its official ban, ranged between 9.5 and 10.6% in the elections of 1946, 1950, 1951, and 1952. In May 1958, the EDA won a stunning 20% of all parliamentary seats. William McNeill, who did extensive research and field work in the summer of 1956 in Greece for the Twentieth Century Fund, marveled at "the apparently solid character of the Communist hard core" despite its setbacks. As of 1956, McNeill concluded, "the Communist problem [had] not been really solved."[55]

David Ellwood's research on the effects of the Marshall Plan on the Emilia-Romagna region of northern Italy, where Communists probably wielded their greatest political power in the country, reaffirmed the meaning of parliamentary election statistics. In "Red Emilia" Communist Party membership did not fall, despite the Marshall Plan, until 1951–52, a period which happened to be, economically, the worst years for the region in the entire postwar era. As production increased and other indices of economic health improved between 1948 and 1951, communism retained its appeal to the people. They elected a Communist Mayor of Bologna and gave control of the town council in Modena to Communists as well. With the onset of depression, class consciousness finally lost some of its old luster.[56]

At least in Italy, Ellwood's study refutes, in effect, the concept of "belly communism," which Marshall Planners embraced simplistically and believed uncritically. Hard times did not necessarily "feed communism." Ellwood has shown that the ECA's best intentions and methods were still not enough to roll back the advance of the Communist Party in Italy.[57] Many years ago, Averell Harriman anticipated that historical verdict, telling his staff in Paris in mid-1950 that he was sorry that the Marshall Plan had not combated communism more vigorously by elevating living standards of Italian and French workers and peasants. Later, in his first of many oral histories, Harriman repeated his regret that "we didn't reduce Communist influence . . . as much as we had hoped," adding another personal disappointment over the fact that "the core of the trade union movement in France is still considerably in the hands of the Commies."[58]

The Marshall Plan's success in "curbing" the growth of communism is well established. Its failure to "undermine" popular support for Communist parties in Italy, France, and Greece is not and can be traced to several sources. Curiously, Marshall Planners understood the motives and mindset of their principal enemy only partially, at best. ECA's propaganda campaign did win over the previously uncommitted, including those who felt that their vote had not mattered in the past. They could not change the minds of the already committed, however. Defections and desertions from the Communist movement were minimal. ECA could never figure out how, economically, to attract workers and peasants away from their Communist allegiance. Why French workers who flocked to the Communist Party regarded the Russians as "liberators," not in 1945 but in 1949, confounded them. Their blindspot, it seems, was of their own making, for their challenge to the roots of Communist strength never went beyond the substitution of economic growth for the Marxist redistribution of wealth. Marshall Planners believed that enlarging the economic pie assured automatically a better society.

Paul Hoffman, for example, always professed that "the way to combat Communism is with prosperity," while his disciples put their faith into improving European living standards. When Richard Bissell admitted in passing in October 1952 that "Communists still get nearly a third of the popular vote in France and Italy," he never asked why communism continued to thrive in those two countries despite his best efforts, or why Frenchmen and Italians, no longer hungry, still voted "Red" and continued taking instructions from Moscow and Kremlin collaborators.[59]

Easy assumptions about "belly communism" simply went unchallenged by Marshall Planners. Had they listened carefully to their isolationist foes during their year-long public debate, they might have been less self-assured. Embedded in some crackpot notions, valid isolationist criticisms of "belly communism" were leveled. Congressman Fred Busby of Illinois, for example, warned that "we cannot stop an ideology with money," only with a "better ideology." Europeans, of course, had to be the judge of what was "better." Busby's colleague from Minnesota, Harold Knutson, elaborated wryly on his point. "If Communism could be halted with money," he lectured the House of Representatives, "there would not be any communism in Hollywood, where many of the communists are down to their last yacht." Such arguments were no match for the will to believe in the omnipotence of economic change.[60]

Historical, cultural, and religious reasons for both western European acceptance and rejection of a Marxist-Leninist creed commanded scant interest. During the life of the Marshall Plan not a single, serious in-house investigation into why 25 to 30% of Frenchmen voted the Stalinist line was ever undertaken. For American crusaders, ideological blinders coexisted with their vaunted pragmatism. Richard Bissell's close assistant at ECA headquarters in Washington, Samuel van Hyning, his "quantitative man," later concluded that ECA's response to communism stemmed from a "greatly oversimplified" notion that "greater availability of the better things of life would result in a lessening of Communist influence." With hindsight, van Hyning recognized such mainstream thinking as flawed—as well as a brand of neo-Marxism in its own economic determinism. While Harriman felt that they never received adequate emphasis, van Hyning judged rising living standards in Europe as overrated at ECA. For him, materialism was only a part of the solution to the Communist protest.[61]

The complex sources of the challenge emerge in the remembrances of a pro-Communist Parisian living in France during the Marshall Plan years. From middle rather than working class, she was attracted to Marxist revolution for a cluster of nationalistic, idealistic, utopian, and cultural reasons. Patriotic admiration for Communists as wartime Resistance fighters came first. In fact, for many Frenchmen, as for many Greeks, World War II put halos on their hammers and sickles. Patriotism and communism were compatible causes. The second was disdain for French businessmen for supposedly "betray[ing] their republican ideals" in World War II. The third was a sense of social injustice—the mistreatment of workers—that seemed to offend only Communists and their "progressive" allies. She had been won over by their sermons and their promised land. Her fourth motive was romanticism, a dream of a classless society that contrasted with the ECA's vision of a prosperous consumer culture. Placing her in the company of Jean-Paul Sartre and other Parisian intellectuals and artists, her final impulse was anti-Americanism, a desire to defend her culture against supposed debasement by crass American values. She said not a word about a full dinner pail or an empty belly.[62]

As one pro-Communist's self-image suggests, the Marshall Plan's interaction with European culture and history was understood in oversimplified terms. When the American historian Arthur Schlesinger, Jr., who worked for OSR Paris in the summer of 1948, wrote fifty years later that "Marshall aid reduced Communism's appeal to the working class," he purveyed a half-truth and perpetuated a myth.[63] The complexities of institution building, nation building, and region building after World War II, and the questionable nature of certain assumptions, achieve much greater clarity when efforts on their behalf in four specific Marshall Plan countries—Greece, Italy, Turkey, and West Germany—are examined closely.

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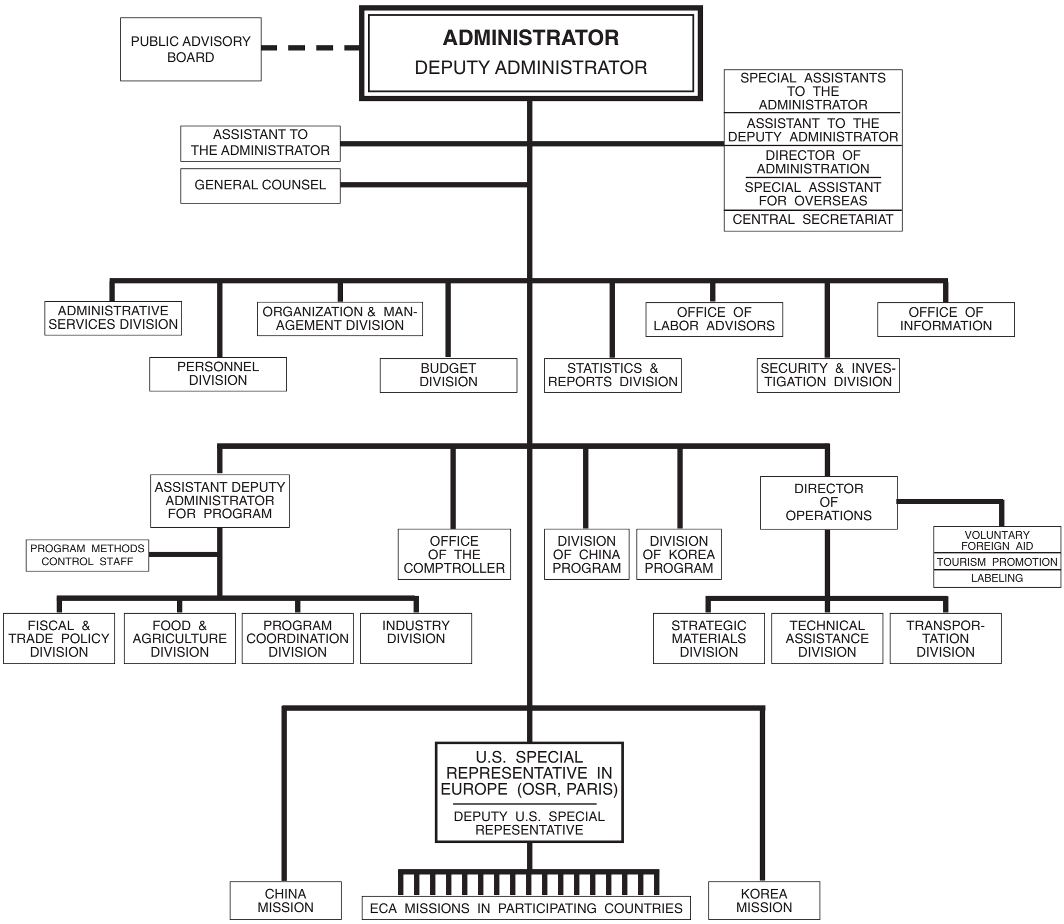

ECA organization as of March 15, 1949