

In Search of a Usable Past:

The Marshall Plan and Postwar Reconstruction Today

by

Barry Machado

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*For Anice
Lighter of Candles
and Molder of Many Lives
Especially My Own*

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The European Backdrop

Summary

In recent years the Marshall Plan has been invoked on numerous occasions as a solution for problems domestic and foreign. This study aims to establish the relevance for contemporary postwar reconstruction projects of an experimental foreign policy conceived and executed back in the late 1940s and early 1950s.

The monograph clarifies why and how the Marshall Plan was adopted, what its essential features were, and why it succeeded in western Europe, concluding that it had important and mutually reinforcing aspects—political, psychological, and economic. Fear of Communist expansion westward and the resulting containment doctrine energized its American proponents and European beneficiaries. Its principal architects were realists, motivated by enlightened self-interest. The strengths, weaknesses, and one major myth of their realism are analyzed. Features of great solidity and current relevance include the partnership of the Economic Cooperation Administration (ECA) with Congress and the American people; a multilateral, regional approach that treated western Europe as a unit; an insistence on European self-help and mutual aid; restriction of the ECA's role to a "catalytic agent" rather than a "driving force"; imposition of the highest standards for recruitment and hiring of personnel; creation of the ECA as a small, autonomous, and unbureaucratic agency; popularization of economic growth as a national priority; freedom from corruption and scandal; and an understanding of the requirements of world leadership. Further examples are provided throughout the text. Some weaknesses discovered were abuses of quantification and language, interagency feuding, and, most importantly, oversimplification of the root causes of Communist popularity in parts of western Europe.

Through the prism of four country studies—Greece, Italy, Turkey, and West Germany—the author examines how the Plan was actually implemented, demonstrating the practical limitations of conventional theories and generalizations about its impact. They were chosen for their resonance with conditions facing present-day policymakers. Such autopsies of recipient nations with different economic and political problems, and in diverse cultural regions of Europe, reveal the Marshall Plan's fundamental flexibility, its rejection of a one-size-fits-all approach, and its mixed results. While its grand intention was to promote a more cooperative and interdependent "New Europe," various relief, reconstruction, reform, and development programs encountered local resistance and failure as well as collaboration and success. Sometimes, as in Turkey, mistakes were made despite the best intentions. Or, as happened in southern Italy, the cultural challenge was too

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formidable for Marshall Planners. In the case of West Germany the national will to self-renewal probably determined that country's ensuing "economic miracle" more than did the amount or kind of American foreign aid. Greece was, in some respects, *sui generis* but also a practicum in workable and unworkable theories and methods of postwar reconstruction today.

Finally, for the benefit of contemporary policymakers, the monograph extracts unusable, avoidable, and usable elements from the historical record of the Marshall Plan. Arguments against its replication are also explored. Of largely antiquarian interest, the unusable characteristics involve luck, timing, and unintended consequences. The large role of seven historical contingencies is identified as contributing to the Marshall Plan's success. The avoidable features pertain to mistakes that ought not to be repeated in the future. The usable past recommends itself for incorporation by the shapers of postwar reconstruction programs today.

Acknowledgments

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Glossary

AFL	=	American Federation of Labor
AMAG	=	American Mission for Aid to Greece
CASA	=	Cassa per il Mezzogiorno (The Southern Fund, Italy)
CCMP	=	Citizens' Committee for the Marshall Plan to Aid European Recovery
CDU	=	Christian Democratic Union (West Germany)
CED	=	Committee for Economic Development
CEEC	=	Committee for European Economic Cooperation
CIA	=	Central Intelligence Agency
CIO	=	Congress of Industrial Organizations
DC	=	Christian Democrats (Italy)
DSE	=	Democratic Army of Greece
ECA	=	Economic Cooperation Administration
EPU	=	European Payments Union
ERP	=	European Recovery Program
GARIOA	=	Government and Relief in Occupied Areas (Germany)
GDP	=	Gross Domestic Product
GNA	=	Greek National Army
GNP	=	Gross National Product
HICOG	=	U.S. High Commission for Germany
JUSMAPG	=	Joint U.S. Military Advisory and Planning Group (Greece)
KKE	=	Greek Communist Party
MIT	=	Massachusetts Institute of Technology
MSA	=	Mutual Security Agency
NATO	=	North Atlantic Treaty Organization
OECD	=	Organization for Economic Cooperation and Development
OEEC	=	Organization for European Economic Cooperation
OMGUS	=	Office of Military Government, U.S. (Germany)
OSR	=	Office of the Special Representative [of the ECA], Paris
OSS	=	Office of Strategic Services
OWI	=	Office of War Information
PA	=	Procurement Authorization
PCI	=	Italian Communist Party
SPD	=	Social Democratic Party (West Germany)
UNRRA	=	United Nations Relief and Rehabilitation Administration
USTAP	=	United States Technical Assistance and Productivity Program
WFTU	=	World Federation of Trade Unions

Abbreviations used only in endnotes:

FAOHP	=	Foreign Affairs Oral History Project, Georgetown University, Washington, D.C.
GCML	=	George C. Marshall Library, Lexington, Virginia
HSTL	=	Harry S. Truman Library, Independence, Missouri
LC	=	Library of Congress, Washington, D.C.
NARA	=	National Archives and Records Administration II, College Park, Maryland
NSA, GWU	=	National Security Archive, George Washington University Washington, D.C.
RG	=	Record Group

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Preface

Admiration for the Marshall Plan has spanned generations. Just after Congress passed legislation in the spring of 1948 creating the European Recovery Program (ERP), its official name, the usually reserved *Economist* of London called it “an act without peer in history.”¹ Many years later, a central figure in the reconstruction of western Europe concurred, rating the American undertaking as “one of the great things in human history,” as well as the “pivotal event” between 1914 and 1990, because it forged a “pattern of cooperation” without precedent.² Seven years ago, the Brookings Institution surveyed over one thousand American college professors, members of either the American Historical Association or the American Political Science Association. The Washington-based think tank asked them to select the American government’s most important achievements in the last one hundred years. Nearly half the historians and political scientists responded. They put the Marshall Plan at the top of their list, grading it as Washington’s greatest public policy of the past century.

One might reasonably assume that the Marshall Plan and its meaning have been and still are being taught on most American college campuses as the yardstick with which to evaluate all federal programs. With widespread academic and popular acclaim, however, have come grand expectations. Ever since the United States helped to rebuild western Europe after World War II, calls for a “new,” or a “second,” or a “present day” Marshall Plan have been incessant. Those invoking it, mantra-like, have done so on the assumption of its near-universal application. A mere sampling of the range of invocations includes Latin America, the Third World, global poverty, American inner cities, eastern Europe, the former Soviet Union, the Balkans, the Middle East, and, finally, Iraq.³

Given the lofty esteem in which the Marshall Plan is held in circles both scholarly and lay, given the many enthusiastic hopes for its reincarnations, one should be clear as to what, in its essence, the original and experimental Marshall Plan was and was not. What were its origins and genesis? How did it gain public and congressional approval? How was it actually implemented? In contrast to what was attempted, what was achieved? Notwithstanding its encomiums, to what extent did it fall short of its aims? What characteristics of the Plan best explain its successes and failures? In what ways have myths encrusted the Plan with the passage of time? Are there, upon close and careful examination, principles, values, methods, and practices around which the Marshall Plan was constructed that have relevance for postconflict reconstruction and stabilization today? These are the overriding concerns of this monograph. Each raises larger issues.

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Historians have long disagreed about history's meaning. For some practitioners, recovering and verifying a factual past are all that matter. The antiquarians and chroniclers, for example, study the past primarily for its own sake. Reconstructing what took place, but in the context of what might have happened, holds greater appeal for others. Human agency is their central focus and determinism their philosophical foe. For such theorists, historical contingencies are forever beckoning counterfactual analyses. A third school, less enamored by the subjunctive, comprehends the past as an elusive yet erudite teacher, providing useful instruction and guidance to the present in its preparations for the future. Its adherents assume that the road illuminated by history can be a shortcut to enlightened contemporary policies.

Such justifications for "doing history" need not be mutually exclusive. Nor should contingency necessarily imply yesteryear's irrelevance. Uniting all three goals, this monograph is a quest for evidence of a provable, contingent, and relevant Marshall Plan. It rejects, forcefully, both a narrow utilitarianism and reductive thinking in its approach to the connection between past and present. Part One reconstructs an empirical Marshall Plan with many implicit lessons worth learning. Part Two makes the most valuable of those lessons explicit.

PART ONE: A VERIFIABLE PAST

