

**DIRECTIONS:** Read the following and answer the questions that follow.

# Marshall's Plan: Pay for Peace

As a devastated Europe smoldered after World War II, general-turned-diplomat George C. Marshall proposed the idea of opening America's wallet to countries in need

BY SEAN PRICE

EUROPE WAS A SMOKING CRATER. THE rise and fall of Nazi Germany in World War II had come at a huge cost—millions of people were dead, cities lay in ruins, and country after country was devastated. Jobs and food were scarce, as fears grew that Europe could never recover. In 1947, two years after the war's end, a *New York Times* writer in Britain reported:

The first time you see a little girl with a pinched face lugging a sack [of coal] nearly her size through the streets, it shocks you. . . . The whole family joins the struggle to keep life going, to keep a little fire in the hearth.

Britain's wartime leader, Winston Churchill, declared that all of Europe had become "a rubble heap, a charnel house, a breeding ground for pestilence and hate." U.S. Secretary of State George C. Marshall responded to Europe's plight by launching the largest aid program in world history, known as the Marshall Plan. U.S. aid has played a global role ever since.

Today, President George W. Bush and others believe a new Marshall Plan is needed for Afghanistan—the world's latest war-torn rubble heap. Just as the plan pulled Europe out of poverty and protected it from hostile takeover, they argue, aid could rescue Afghans, rebuild their country, and keep it free from radicals and terrorists.

## TWO SUPERPOWERS

But the situation after World War II was different than it is in today's war on terror. By 1947, the U.S. and the Soviet Union had emerged as the leading military powers. Both wanted influence



**ON THE MONEY:** Marshall, the top Army general in World War II, led Europe's war recovery.

over Europe, and the continent was being torn in half between them. The U.S. and its Allies were trying to keep Western Europe free; the Soviets wanted to expand through Eastern Europe and beyond.

Marshall and his boss, President Harry Truman, knew that the unrest in Europe was playing into the hands of Moscow's Communist leadership. Communism promised a better life in a classless society where everyone had what they needed to live, at the cost of personal freedom. This appealed to people in devastated countries such as Italy and France, where the Communist Party's popularity was surging. Truman

wanted to contain Communism within its existing borders while bringing new hope to Europe.

The job of rebuilding Europe's economy fell to Marshall, a retired military man from Uniontown, Pennsylvania. As the Army's Chief of Staff during World War II, Marshall had helped lead the Allied war effort against the Axis powers. After 43 years in the military, the general accepted appointment as Secretary of State.

Shifting to his peacetime role as America's top diplomat, Marshall won nearly universal respect for his modesty, strong-mindedness, and intelligence. France's Foreign Minister, Georges



**HIT HARD:** A British family sits in the wreckage of their home during World War II. In a major assault called the Blitz, the German air force bombed London for three months in 1940.

Bidault, who would go on to be Prime Minister, said of Marshall:

[He] did not pretend to be infallible. He would ask others for advice and could be unsure, even hesitant. But once he made up his mind, nothing could have made him change it.

#### **FIGHTING HUNGER**

Marshall was determined to institute what was officially called the European Recovery Program, though everybody else called it the Marshall Plan. He introduced the idea in a commencement address at Harvard University on June 5, 1947. He said the aid was open to

all countries in Europe, including the Soviet Union.

Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos.

However, the aid came with conditions. The U.S. would oversee the spending; most of the money had to be used to buy American-made goods; and the countries would have to work together on their rebuilding efforts. It was clear that the Soviets wouldn't agree to such terms.

Marshall needed all his skills to wrestle money for the program out of

## **THEN AND NOW**

When the U.S. instituted the Marshall Plan after World War II, a devastated Western Europe was the focus for economic assistance. The U.S. continues to aid other countries today, but the priorities have changed. Here is a look at the top U.S. aid recipients (all figures expressed in 2002 dollars).

### **1949**

United Kingdom	.....\$12.1 billion
France	.....\$9.84 billion
Germany	.....\$9.47 billion
Italy	.....\$5.14 billion
Netherlands	.....\$3.79 billion
Austria	.....\$2.06 billion
Belgium	.....\$1.96 billion
Greece	.....\$1.53 billion
Denmark	.....\$947 million
Norway	.....\$755 million

### **2002**

Israel	.....\$720 million
Egypt	.....\$655 million
Russia	.....\$170 million
Ukraine	.....\$170 million
Jordan	.....\$150 million
India	.....\$146 million
Yugoslavia	.....\$145 million
Indonesia	.....\$133 million
Kosovo	.....\$120 million
Bangladesh	.....\$102 million

Source: U.S. Agency for International Development, adjusted to 2002 dollars with the Consumer Price Index inflation calculator.





**SWEET AND SOUR:** The first load of Marshall Plan sugar arrives in London in 1949 (above). Workers survey the bombed city after a daylight raid in 1940 (right).



Congress. Much like today, many key lawmakers deeply opposed foreign entanglements and big government programs. The Marshall Plan was both. It would commit the U.S. to Europe's recovery and cost \$13 billion, equivalent to about \$90 billion today.

Congressional opposition to the Marshall Plan died down—thanks to the Soviets. The Communists overthrew the last remaining democracy in Eastern Europe in February 1948 when they took control of Czechoslovakia. Fearful of further Soviet expansion, Congress passed the plan. Within days, the first freighter loaded with 9,000 tons of wheat left Galveston, Texas, for France.

Though food and clothes went for immediate needs, most of the aid was intended to help Europeans help themselves. British auto factories cranked out cars on assembly-line machines sent

from Detroit. Greek farmers received Missouri mules to replace animals killed in the war. Across Europe, the Marshall Plan sparked optimism. As one U.S. official put it, "The psychological effect was four fifths accomplished before the first supplies arrived."

### A SUCCESS STORY

The Marshall Plan produced a financial boom on both sides of the Atlantic. The economic well-being of Europeans jumped dramatically, while U.S. firms benefited from the revitalized markets. Communism's popularity in Europe faded as free enterprise took over. In 1953, Marshall was awarded the Nobel Peace Prize.

The plan's success led the U.S. to become a source of foreign aid for many countries in need—whether to rebuild war-torn regions or maintain strategic alliances (see "Then and Now," page 27).

But no other programs since have seen such amazing results. In part that's because Europeans were rebuilding once-prosperous countries. Much of today's aid must do something tougher—drag less-developed countries into the modern age. In the case of Afghanistan, it must rebuild a shell-shocked nation, where even safe drinking water is rare.

Since Sept. 11, President Bush has pledged to boost American aid to poor countries by 50 percent over the next three years, and his administration requested \$40 million for aid to Afghanistan. "We fight against poverty because hope is an answer to terror," he says.

Those who benefited from the Marshall Plan saw it the same way. As Britain's Foreign Minister, Ernest Bevin, said, the plan was "a lifeline to sinking men. . . . We grabbed the lifeline with both hands." ■

1. How would the devastation of Europe help Communists increase their power in this region?
2. What was General Marshall's position in the Truman Administration ?
3. Briefly explain how the Marshall Plan would aid Europe?
4. What erased all Congressional opposition to funding the Marshall Plan?
5. Explain how the Marshall Plan was a success both in Europe and in the United States.