Blueprint for Recovery

By Michael J. Hogan

I believe that, in years to come, we shall look back upon this undertaking as the dividing line between the old era of world affairs and the new -- the dividing line between the old era of national suspicion, economic hostility, and isolationism, and the new era of mutual cooperation to increase the prosperity of people throughout the world.

General Marshall will be known as one of those who brought this new era into being. But he would be the first to agree that it is more than the creation of statesmen. It comes from the minds and hearts of all the people. Our peoples are united in their determination to work together to deal with the basic problems of human life.

Harry S. Truman
President of the United States, 1945-1953

On June 5, 1947, U.S. Secretary of State George C. Marshall rose to address the graduating class of Harvard University. Former wartime chief of staff, the first career soldier to become secretary of state, Marshall was a man of enormous personal integrity whose selfless devotion to duty and hard-boiled honesty made him one of the most respected global leaders of the day.

The young graduates must have been honored by the presence of such a distinguished individual. Although famous men had stood in Marshall's place before, his commanding public stature and the significance of his pronouncement would mark this Harvard commencement above all others. The secretary's address set the stage for a massive American aid program to revitalize the war-devastated economies of Europe. It would become the largest such program in America's history and one widely regarded as the most successful peacetime foreign policy launched by the United States in this century.

British Foreign Secretary Ernest Bevin was among the many Europeans to praise what came to be known as the Marshall Plan. He called it "a lifeline to sinking men," a ray of hope where none had existed before, an act of "generosity...beyond belief."

The Situation in Europe

Although "V-E Day" brought the struggle against Nazi Germany to an end, the peace still had to be won, and this required, above all, the reconstruction of economic and political systems badly damaged by World War II.

The Europeans strove mightily to mend the damage. But even as Marshall spoke at Harvard, capital equipment remained hopelessly obsolete or in need of wholesale repair. The depletion of gold and dollar reserves made it difficult to import essential items and use existing facilities efficiently. Food shortages and inflation discouraged maximum efforts by a demoralized work force; shortages of coal, steel, and other basic resources further restrained production; and the severe winter of 1946-47, the worst in modern memory, nearly wiped out earlier economic gains. In 1947, Western Europe's agricultural production averaged only 83 percent of its prewar volume, industrial production only 88 percent, and exports a bare 59 percent. Translated into human terms, these figures added up to widespread fatigue and a pervasive sense of pessimism about the future.

Making matters worse, the economic crisis worked like a superheated crucible to inflame already serious political and diplomatic problems. In France and Italy, worsening economic conditions undermined governmental authority. In Britain, the winter crisis and the drain on reserves triggered a decision to withdraw British forces from Greece, a country racked by a bitter civil conflict that compounded the economic dislocations growing out of the war. The situation was the same in Germany. Economic conditions there remained the worst in Western and Central Europe, prompting the American occupation authorities to warn that widespread poverty was fostering a popular discontent upon which the Communists were capitalizing.

Policy-makers in Washington also worried about the situation in Germany. They had rejected early postwar proposals, notably the Morgenthau Plan, that would have prevented Germany from again becoming a unified industrial state, urging instead that reparations be held to a minimum and that a revitalized Germany be reintegrated into the European community. There were many reasons for the new policy. But of them, none was more important than the conviction in Washington that stability across the Continent depended on recovery in Germany, which had long been the hub of the European economy.

The German problem exacerbated existing divisions between the former Allies, particularly those between the United States and the Soviet Union. According to wartime agreements, Germany had been divided into American, British, French, and Soviet occupation zones. The zones were to be treated as an economic unit and were to give way to a central administration and then to a new German government. Progress in this direction, however, had foundered on the incompatible interests of the victorious powers. They could not resolve their differences over the amount and form of reparations or over the level of industry and the degree of central administration to be accorded a united Germany. Nor could they agree on arrangements for international control of the Ruhr, where the great coal and steel industries constituted the basis of Germany's economic and military might.

These and other differences came to a head at the foreign ministers conference that convened in Moscow between January and April 1947. The negotiators were unable to agree on the terms of a German settlement. Secretary of State Marshall, who headed the American delegation, left the conference convinced that Soviet leaders hoped to gain politically from a deadlock that would deepen the economic crisis in Central and Western Europe, pave the way to victory for the Communist parties in France, Italy, and Germany, and thereby open the door to an expansion of Soviet influence in an area deemed vital to American security. "The patient is sinking while the doctors deliberate," Marshall told a radio audience shortly after his return from Moscow.

Origins of a Recovery Plan

> *It is an idea which translates the problem from one of individual countries to one of a continent, and only a country that is a continent could look at another continent in that way....When the Marshall proposals were announced, I grabbed them with both hands. I felt that it was the first chance we had ever been given since the end of the war to look at [the] European economy as a whole.*
>
> Ernest Bevin
> Foreign Secretary of Great Britain, 1945-1951

After returning from Moscow, Marshall set the wheels of American recovery planning in motion. He instructed the State Department's Policy Planning Staff and other agencies to report on Europe's need for economic assistance and on the conditions that should govern American aid.

These reports were then combined with recommendations coming from other quarters, notably from Under Secretary of State William L. Clayton, to lay the foundation for the proposal that Marshall would announce at Harvard University. In this and subsequent pronouncements, Marshall and his colleagues urged the Europeans to take the initiative and assume the responsibility for drafting a program of economic recovery. The Americans would provide "friendly aid" in the drafting process and financial support for a workable program -- a regional program, not a collection of disparate national schemes -- that was founded on such principles as self-help, resource sharing, and German reintegration.

This was the "lifeline" that the Europeans needed, and most of them, as British Foreign Secretary Bevin recalled, "grabbed" it "with both hands." Bevin and French Foreign Minister Georges Bidault first met to discuss Marshall's proposal with Soviet Foreign Minister Vyacheslav M. Molotov, who said that a regional recovery program would violate national sovereignties. The meeting broke down when Molotov refused to approve a program organized on this basis, whereupon Bevin and Bidault convened a second conference that opened in Paris on July 12, 1947. The Soviets again declined to participate, and they prevented the Poles and the Czechs from attending as well.

At the conference, the occupation authorities represented the western zones of Germany. Joining them were the delegates of 16 European nations: Austria, Belgium, Denmark, France, Greece, Great Britain, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, and Turkey.

The conferees spent two months drafting a comprehensive recovery plan that came close to what the Americans had in mind. As modified by subsequent deliberations in Washington, this plan became the basis for the European Recovery Program that President Harry S Truman presented to Congress in December 1947 and that Congress passed as the Economic Cooperation Act in the spring of the following year. The act provided over $5,000 million for the first 18 months of what eventually became a four-year program that would cost the American people approximately $13,000 million before it ended in 1952. This sum must seem trifling today, when taxpayers shoulder government expenditures in excess of millions upon millions of dollars, but it amounted to between 5 and 10 percent of the federal budget over the life of the recovery program, or about 2 percent of the gross national product over the same period. An aid program of equal proportions in 1997 would be worth many times the amount of the one that Truman initially presented 50 years earlier.

The U.S. Domestic Debate

Churchill's words won the war,
Marshall's words won the peace.

Dirk Stikker,
Foreign Minister of The Netherlands, 1948-1952

Coming on top of the $9,000 million already expended on a variety of postwar programs in aid of Europe, the Marshall Plan appropriation was bound to raise objections in Congress. Senator Robert A. Taft of Ohio led a group of economy-minded legislators who were convinced that Marshall aid would aggravate existing shortages in the United States. It would drive up the wholesale price index, they argued, and end in new government controls over the economy.

These arguments had more than a passing appeal to a population weary of wartime sacrifices, high taxes, government controls, and items in short supply.

Nor did economic issues exhaust the list of objections. Taft and his allies, who represented an older, isolationist tradition in American diplomacy, also worried lest the Marshall Plan entangle the United States in the affairs of Europe at a time when tensions there could spark another world war.

These were serious reservations, but in the ensuing debate supporters of the Marshall Plan organized a mighty offensive that overturned the arguments mounted by their opponents. Spokespersons for the Truman administration led the offensive, testifying before congressional committees, speaking at public meetings across the country, and organizing three presidential commissions to explain how the United States could manage an expensive foreign aid program without wrecking its economy. In collaboration with their government counterparts, a variety of private groups also threw their support behind the Marshall Plan. These included the major trade unions, the leading farm associations, and powerful elements in the business community, as well as the Committee for the Marshall Plan, a nonpartisan group composed of former government officials and representatives of business, labor, and agriculture.

In public and private forums alike, the spokespersons for these groups joined the Truman administration to defend the Marshall Plan as an act of creative statesmanship, an instrument of American as well as European interests. It would reverse the economic deterioration in Europe, they said, put participating countries on a self-supporting basis, and clear a path to the multilateral system of world trade envisioned in the Bretton Woods agreements of 1944.

Political and strategic arguments paralleled those of an economic nature. The United States, these arguments ran, must forsake the discredited policies of the past. Security against aggression could not be found in the isolationism urged by Taft but in a policy that put American aid behind beleaguered friends on the Continent. Such a policy would reinvigorate fragile political coalitions that were committed, like the United States, to democratic forms of government and would reassemble the components of a balance of power strong enough to contain the Soviets. These were persuasive arguments, made even more persuasive by Britain's withdrawal from Greece, by the labor unrest in France, Germany, and Italy, and by the Communist coup that toppled the democratic government of Czechoslovakia in February 1948.

After four months of deliberation, the U.S. Congress passed the Economic Cooperation Act in the spring of 1948. The vote in the House of Representatives was 329 in favor and 74 opposed, while that in the Senate was 69 in favor and 17 opposed -- margins that belied the intensity of the debate and the inveterate opposition of the measure's critics. American diplomacy would never be the same again.

Enlisting the Private Sector

To administer the Marshall Plan, Congress established the Economic Cooperation Administration (ECA), complete with an administrator in Washington, D.C., a special representative in Paris, and local missions in each of the participating countries. The ECA had complete control over operational matters and shared with the U.S. Department of State responsibility for shaping policy. Undergirding this organizational arrangement was the assumption, widely held in Washington, that revitalizing production, solving complicated trade and financial problems, and managing the other tasks involved in Europe's recovery required a technical and business acumen that the State Department did not possess. It required a special administration staffed by the "best brains" from the areas of business, labor, agriculture, and the professions -- what Senator Arthur H. Vandenberg of Michigan called a "business enterprise" led by men with "particularly persuasive economic credentials."

These arguments convinced President Truman. He promptly appointed Paul G. Hoffman, president of the Studebaker automotive corporation, as the ECA's administrator in Washington, and W. Averell Harriman, a prominent figure in the business and banking communities, as the special representative in Paris. Harriman was a former U.S. Ambassador to the Soviet Union, envoy to Great Britain, and U.S. Secretary of Commerce, while Hoffman had served on presidential and business advisory groups that backed the Marshall Plan during the congressional debates of 1948.

Hoffman and Harriman filled their offices with top men from the academic and corporate worlds. College graduates, especially graduates of Harvard, Yale, Princeton, and other highly regarded institutions, occupied virtually all high-level positions. The list included such professionals as Milton Katz, a professor at the Harvard Law School who became Harriman's general counsel in Paris, and Richard M. Bissell, Jr., a Keynesian economist who became assistant deputy administrator in Washington. Men with corporate backgrounds were even more prominent, filling key positions in Washington and Paris and serving as ECA mission chiefs in most of the participating countries. The major farm groups donated members to the private advisory committees established by the ECA, worked closely with its overseas missions, and helped to staff its food and agriculture divisions. Much the same was true of the American Federation of Labor, the Congress of Industrial Organizations, and the other trade unions. In these and other ways, the ECA became the center of a vast network of cooperation between public policy-makers and private leaders, whose skills contributed immeasurably to an efficient and bipartisan administration of the recovery program.

This administrative system did not stop at the water's edge. In accordance with the principles of maximum self-help, mutual aid, and shared responsibility, Marshall and other officials insisted from the start that participating countries take the initiative and play a major role in their own recovery. This required a regional authority that could speak for Europe with a single voice.

The participating countries met this requirement by establishing the Organization for European Economic Cooperation (OEEC). Headquartered in Paris, the OEEC worked in tandem with the ECA to devise annual recovery plans, allocate American aid, make currencies convertible, and loosen the restraints on production and trade. The two agencies had their differences, of course. But their cooperation never broke down, nor did their dogged pursuit of European recovery.

The OEEC quickly assembled a distinguished staff in Paris, arguably the most impressive assembly of economic and financial talent anywhere in the world. Belgian Prime Minister Paul-Henri Spaak, one of the great champions of Western European unity, chaired the OEEC Council, which comprised national representatives from each country. Robert Marjolin of France, another advocate of European unification and a prime mover behind the French Monnet Plan, headed the OEEC's international secretariat. For the most part, equally impressive figures stood in for government ministers at the head of their national delegations, one of the most notable being Sir Edmund Hall-Patch of Great Britain. A civil servant with experience in the British Treasury and Foreign Office, Hall-Patch chaired the OEEC's Executive Committee. The OEEC never became a truly supranational authority of the sort that most Americans and many Europeans had in mind. But under the leadership of able men, it proved to be an effective instrument of economic cooperation with an increasingly European identity and a burgeoning staff of international public servants.

The network of cooperation stretched from the OEEC's headquarters in Paris across the map of Western Europe, involving at every level a pattern of power-sharing between public officials and private leaders much like the one that took shape around the ECA. Each of the participating governments established its own recovery agency, many of which, like the central planning commission in France, involved the active participation of business, labor, and farm groups. The same groups established links with the ECA's missions in the participating countries, as well as with the OEEC. They also joined forces in the national production centers and productivity teams that were established with American support to improve industrial efficiency and maximize output. Through these and similar initiatives, American and European leaders mobilized a powerful alliance of private groups behind the vision of a shared abundance that lay at the heart of the Marshall Plan.

Partners in Reconstruction

> *Thanks to the Marshall Plan, the economy of the democratic part of Europe was saved....The aims defined by General Marshall in his Harvard speech were attained. The success was a striking demonstration of the advantages of cooperation between the United States and Europe, as well as among the countries of Europe themselves.*

Paul-Henri Spaak
Prime Minister of Belgium, 1947-1949

The Marshall Plan was fundamentally a joint enterprise. The major American contribution took the form of primary products and manufactured goods in short supply on the Continent or in the overseas territories of the participating countries.

Approximately $12,000 million in Marshall Plan aid had been expended by the middle of 1951, much of which helped member states to finance essential imports of fuel ($1,567 million); food, feed, and fertilizers ($3,430 million); and machines, vehicles, and equipment ($1,853 million).

These imports combined with other forms of American assistance to bring a high degree of economic progress and stability to Western Europe. Inflation had been contained in most of the participating countries by 1950, and both intra-European and extra-European trade had recovered to levels well above those anticipated at the start of the Marshall Plan. Shortages growing out of the Korean War undercut these gains. But this was a temporary reversal in an established pattern of recovery that resumed in the early 1950s, continued unabated over the next decade, and led to the restoration of European currency convertibility and the formation of a multilateral trading system comparable to the one envisioned at Bretton Woods.

Something similar can be said of the recovery of Western European production. During the Marshall Plan period, Western Europe's aggregate gross national product jumped by more than 32 percent, from $120,000 million to $159,000 million. Agricultural production climbed 11 percent above the prewar level, and industrial output increased by 40 percent against the same benchmark.

The designers of the Marshall Plan cannot take all of the credit for this remarkable record of success. Local resources accounted for 80 to 90 percent of capital formation in the major European economies during the first two years of the recovery program. Compared to this effort at self-help, some might conclude, the American contribution was marginal measured in quantitative terms, and actually declined in the years after 1949. In truth, however, American aid and European effort were linked inextricably. The Marshall Plan, as Paul Hoffman once explained, provided the "critical margin" of support that made European self-help possible. It facilitated essential imports, eased production bottlenecks, encouraged higher rates of capital formation, and helped to suppress inflation -- all of which led to gains in productivity, to improvements in trade, and to an era of social peace and prosperity more durable than any other in modern European history.

The use of counterpart funds provides another example of how the Marshall Plan worked as a shared enterprise. These funds comprised the local currency equivalent of American grants, which the Economic Cooperation Act required participating countries to set aside in special accounts jointly controlled by the ECA and the governments involved. Such an arrangement forced both sides to negotiate their differences, which sometimes were considerable, and to reach an agreement that made expenditures possible. In Britain, counterpart funds were used to liquidate the Bank of England's short-term public debt. In the Netherlands, they helped to contain inflation, underwrite a program of land reclamation, and provide low-cost housing for industrial workers. In France, they supported the Monnet Plan for industrial modernization and re-equipment. In Italy, they were earmarked for a variety of industrial and agricultural projects and for a public-works program to absorb part of the large pool of unemployed labor.

All across Europe, the landmarks of this joint enterprise still stand. In Berlin, Marshall aid reconstructed a power station that had earlier been dismantled as reparations. In Austria, it played a part in building the Limberg Dam and other components in a vast hydroelectric project. In Greece, it helped to reopen the Corinth Canal and restore the famous Orient Express, which once again linked Greece to Western Europe. And in other participating countries, it went to upgrade the manufacturing, mining, transportation, and communications industries. Some of the most notable projects included the Usinor steel mills and the Genissiat hydroelectric project in France, the Finsider and Falck steel plants in Italy, the Margram rolling mill in Great Britain, and the Donawitz and Linz steel mills in Austria.

The Path to Prosperity

> *This magnanimous support [the Marshall Plan] deserves above all to be assessed from the point of view of its moral effect. It gave the German people the feeling that they were no longer written off by the rest of the world but that they also could again take part in the progress of the free world. Its economic and financial significance was, moreover, no less.*
>
> Ludwig Erhard
> Chancellor of the Federal Republic of Germany, 1963-1966

The spirit of cooperation evidenced in the execution of the Marshall Plan was born of more than need. Americans and Europeans were linked by a system of shared values. In the 20th century, a commitment to productivity formed part of the common culture, and one particularly important to a program of economic recovery. A lineal descendant of the Enlightenment, with its faith in reason, its commitment to science, and its belief in progress, the idea of productivity found fruitful expression in the technical assistance program that the ECA established in 1948. The goal was to promote industrial efficiency in Europe. The vehicles for achieving this goal included a variety of technical assistance projects, engineering schemes, and productivity surveys launched in Europe with the aid of American experts, and a host of productivity teams of European workers and managers who came to the United States to study agricultural and industrial production methods. Out of these efforts, all believed, would come a new day of economic progress and social stability in Europe.

By the middle of 1951, the ECA had expended nearly $30 million on a dazzling array of technical assistance projects. In addition to projects that aimed at increasing efficiency and raising productivity in industry and agriculture, the list included a plan to expand electric power facilities in Greece, a program of veterinary research in Britain, and a number of schemes to improve public administration in Italy, Greece, and other participating countries.

By that time, moreover, hundreds of European productivity teams had toured the United States and scores of American experts had traveled to the participating countries and their overseas territories. The ECA maintained 372 experts overseas in the second quarter of 1951 alone and sponsored 145 productivity teams involving more than 1,000 European labor, management, and agricultural representatives. In addition, the ECA used technical assistance funds to conduct seminars for European managers, to sponsor training programs for European engineers, and to distribute technical and scientific information through films, literature, and exhibits.

As in other areas, the Europeans cooperated in these projects and made a contribution of their own. Labor and management leaders from Great Britain and the United States organized the Anglo-American Council on Productivity. Founded in 1948, the council's activities paralleled the ECA's technical assistance program, with the goal being to enlist American technology in the cause of British productivity. By the end of 1951, the council had sponsored visits to the United States by 66 British productivity teams, disseminated over 500,000 copies of their reports, and published major studies on standardization and simplification in industry.

Other participating countries followed this example. They organized national production councils and worked through the OEEC to launch an intra-European technical assistance program under which national groups of cooperating labor, management, and professional leaders began exchanging technical information and production data. The whole process, as a Dutch manufacturer said of the technical assistance program, opened the door to a "promising and fertile dissemination of American experience in handling productivity problems."

The results of this dissemination are impossible to estimate, but neither the ECA nor the participating countries doubted that technical assistance added measurably to Europe's economic revival. In France, technical assistance enhanced the Monnet Plan for industrial redevelopment. In Germany, it accelerated earlier trends toward the rationalization of industry. In other countries, it led to improved engineering and marketing methods, to important technological adaptations, and to the spread of industrial planning, the growth of automation, and the better organization of production -- all of which contributed substantially to the high rate of European productivity that persisted through the 1950s.

The integration of the Western European economies also looms as one of the great achievements of the postwar era and one for which the Marshall Plan can take a due share of credit. The architects of the Marshall Plan celebrated the benefits of economic integration and did what they could to bring it about. The strategic assumptions behind their policy held that an integrated economic order, particularly one headed by central institutions, would help to channel the revitalized strength of the Federal Republic of Germany in a constructive way. Economic integration would reconcile West Germany's recovery with the security concerns of her neighbors, thereby creating a unit of power in the West sufficient to contain Soviet power in the East. The economic assumptions grew fundamentally out of the American experience at home, where a large internal economy integrated by natural market forces and federal institutions had helped to make possible the gains in specialization, resource utilization, and productivity that inhere in economies of scale.

With these goals in mind, the designers of the Marshall Plan tried to strengthen the OEEC and liberalize intra-European trade, so that coordinated planning and normal market forces could weld separate economies into a single productive unit. They also encouraged the Council of Europe and helped to found the European Payments Union, forerunner of the European Monetary System. In addition, they threw their weight behind the Schuman Plan (proposed in 1950) and the coal and steel community that grew out of it, just as they would support the larger European Economic Community that followed.

The Birth of New Europe

> *The noble initiative of the Government of the United States is for our peoples an appeal which we cannot ignore without betraying them.*
>
> *Together, then, we will make, and make it quickly, the effort of mutual self-aid which will make us worthy of being aided.*
>
> *For generations, men of all countries who rejected a selfish nationalism have longed for this assembly which is being held today. Let us be proud to be*

witness to it and to be the good craftsmen of a task dreamed of for centuries and, at the present time, urgently necessary.

Georges Bidault
Foreign Minister of France, 1944-1946, 1947-1948, 1953-1954

The Europeans were less enamored than the Americans with the integrative powers of the market. The British government rejected integration altogether, and the other participating governments refused to go as far in this direction as the Americans wanted. Nor did the Marshall Plan preclude the British from pursuing socialist policies, the French from adopting a modernization scheme that assigned the state a greater role than the Americans thought desirable, or the Germans and Italians from following fiscal and monetary strategies at odds with those favored in the ECA. American policy succeeded in large part because it encouraged participating countries to exercise a high degree of autonomy within the framework of the Marshall Plan. Although an American plan, it placed a premium on European self-help and did not break down when the Europeans devised plans and programs of their own.

There were differences, to be sure, but they were always overshadowed by the common vision that bonded the American Marshall Planners to their friends and allies on the other side of the Atlantic. Together, they saw a new Europe emerging from the rubble and the ruin of war with restored life and fresh vitality. And who can say that they did not go a long way toward turning the dream into reality? Viewed against the pattern of bilateralism that existed in 1947 or from the perspective of the Treaty of Rome concluded a decade later, it seems clear that recovery planners helped to set Western Europe on a road that led from the economic autarchy of the 1930s to the Common Market of the 1960s.

Nor was this the only gain. Through the OEEC and the Council of Europe, through the European Payments Union and the Schuman Plan, this generation of American and European policy-makers also created an institutional framework that stood in lieu of a final peace settlement in the West. It was this framework that set the stage for a historic rapprochement between ancient enemies and led to West Germany's reintegration into the North Atlantic community.

The Marshall Plan, as defined by Marshall in his historic commencement address, was "directed...against hunger, poverty, desperation, and chaos." Measured against this criteria, it must be judged a great success. It succeeded in the revival of economic growth, the containment of Soviet expansion, and the stabilization of democratic politics. It also laid a hardy foundation for transatlantic cooperation on a myriad of economic and political issues -- and for an Atlantic community that remains vital and growing today.

Lessons Learned

> *The Marshall Plan consisted essentially in vast-scale American aid to Europe. Its success depended entirely on the use the Europeans made of that aid. Driven by a will to renew, as well as by strong pressure from the Americans, they were able to put it to good use -- that is, they concentrated their efforts on investment and exports, with only limited satisfaction of consumer wants, just enough to prevent social tensions from reaching the breaking point or, at any rate, from causing an acute crisis.*
>
> Robert Marjolin
> Secretary-General,
> Organziation for European Economic Co-Operation, 1948-1955

In the 50 years since George C. Marshall addressed the Harvard class of 1947, it has become commonplace to hear government leaders proclaim the need for another Marshall Plan -- to solve the intractable problem of economic development in the so-called Third World, to salvage what remains of the former Soviet Union, to forge a permanent peace in the Middle East, to shore up the unstable regimes in Eastern Europe, or to solve other difficult problems. Although the Marshall Plan was bound by historical circumstances that cannot be duplicated, it nonetheless lives on as a compelling symbol of international cooperation. Its results also testify to the resolve and generosity of the American people, to their capacity for disciplined sacrifice, to the transformative power of their leadership, to their talent for organized initiative on a grand scale, and to their ability to collaborate with others in the pursuit of common goals.

But the Marshall Plan has more than symbolic value. It also offers some practical guides to the current and future generations, even at a time when America's power has diminished relative to its postwar pinnacle and when the American government is no longer able to mobilize economic resources on a scale comparable to those behind the Marshall Plan. After all, much of what the Marshall Plan accomplished came at little cost to the American taxpayer. The technical assistance program, which absorbed only a fraction of American aid, nonetheless put American technical, engineering, manufacturing, and marketing know-how behind the revitalization of the European economies. Similar programs could bring comparable benefits to the developing world today, and their prospects for success would only increase if they embodied the same spirit of cooperation that infused so much of the Marshall Plan.

Virtually every part of the Marshall Plan stressed the principle of European self-help and involved Europeans and Americans as partners in the job of reconstruction. Nor was cooperation limited to political leaders and government officials. It was part of the genius of the Marshall Plan that cooperation at the government level went hand-in-hand with a private, trans-European and transatlantic pattern of collaboration that involved leaders from business, labor, agriculture, and the academy. This kind of cooperation not only undergirded the recovery program in Europe, but also accounted for its success in the United States, where the same combination of private groups helped to educate the American people to the need for European stabilization and won support for the Marshall Plan on Capitol Hill.

The Marshall Plan institutionalized that cooperation in innovative organizations that guaranteed the success of the enterprise and could well be emulated today. Though a government creation, the Economic Cooperation Administration functioned as a semiprivate agency staffed by experts drawn from the professions, just as the Organization for European Economic Cooperation, itself an invention of the participating governments, functioned in part as a denationalized agency run by a professional staff of international civil servants who enjoyed an important degree of autonomy from national governments. Similar thinking informed the European Payments Union, not to mention the European Coal and Steel Community that American and European leaders saw as a supranational mechanism for integrating and regulating competing European economies. These institutions and their successors stand not only as part of the Marshall Plan's legacy but also as examples of an international leadership that can dampen the forces of nationalism, harmonize differences, and produce positive results today, as they did in the early years of the postwar period.

An even more useful legacy is to be found in the high degree of tolerance that characterized American policy under the Marshall Plan. To be sure, the Marshall Plan had no room for the Communist political parties in Europe or for the Communist-dominated trade unions. Nor did the plan leave room for active participation by the Soviet Union. Cooperation was limited largely to the countries of Central and Western Europe and to democratic or anti-Communist political forces. Within these limits, however, the American Marshall Planners were capable of working with their European partners in a way that stopped short of dictating terms. Try as they might to push Great Britain into an integrated Western European economy, the Marshall Planners had to pull back when the British refused to go along, just as they had to give way when the French, German, or Italian governments refused to dismantle cartels, revise tax policies, implement progressive social reforms, or take some of the other initiatives urged by the ECA. As important as these goals were to American leaders, they did not justify a hard-headed intervention into European affairs. Nor would American leaders permit the wrangling over these initiatives to disrupt the spirit of cooperation that otherwise characterized the Marshall Plan, and especially the collaborative efforts to realize such important common goals as the liberalization of European trade, the conversion of European currencies, the integration of markets, the building of supranational institutions, the reconciliation of Franco-German differences, and the creation of a continental balance of power that could contain the Soviet Union.

The Marshall Plan may have created a postwar order in Western Europe and the transatlantic area favorable to American interests, but it was a collaborative order that involved the Europeans as full partners and that gave them the greatest voice in their own affairs. More than anything else, it was this spirit of collaboration and tolerance, this emphasis on self-help and mutual aid, that accounted for the success of the Marshall Plan and that stands as a great lesson to the current generation.

> *The material assistance and the moral encouragement provided by the Marshall Plan brought a powerful new impetus to the campaign for European unity. In fact, it can be said that the American policy of economic aid, coupled with the pressure of the Communist danger, created conditions in which, for the first time, the unification of Europe became a practical possibility.*
>
> The Council of Europe, 1949

About the Author

Michael J. Hogan is professor of history and chair of the Department of History at The Ohio State University, as well as editor of *Diplomatic History*, an international journal for specialists in diplomacy and foreign affairs. His books include *Informal Entente: The Private Structure of Cooperation in Anglo-American Economic Diplomacy, 1918-1928; The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952; The End of the Cold War: Its Meaning and Implications;* and *Hiroshima in History and Memory*. He has received the Stuart L. Bernath Lecture and Book Prizes of the Society for Historians of American Foreign Relations, the Quincy Wright Book Prize of the International Studies Association, and the George Louis Beer Prize of the American Historical Association. Professor Hogan is currently completing a book on President Harry S Truman and the origins of the national security state.

Blueprint for Project Recovery provides readers with a proven, proceduralized methodology for identifying where and how projects went off course, and a defined plan of action to bring them back on track. Based on years of research and including a CD-ROM packed with all the forms, checklists and resources used in the text, the book gives readers an entire process for both evaluating and repairing projects gone off course, and guidance for planning them more effectively in the first place.