

■ Speech on the Marshall Plan

Date: June 5, 1947

Author: George C. Marshall

Genre: speech

Summary Overview

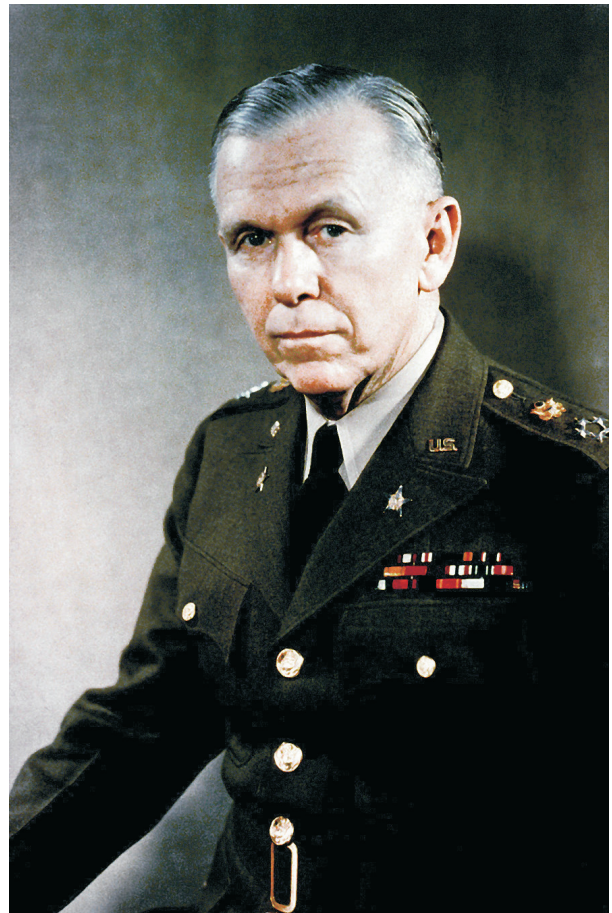
The Marshall Plan, officially known as the European Recovery Program, was proposed in 1947 by U.S. Secretary of State George Marshall. It provided extensive economic aid to help rebuild Western European economies damaged by World War II. Having grown increasingly worried about the slow pace of economic recovery in Europe after the war, and concerned that the Soviet Union might take advantage of unrest caused by the continuing impoverishment of many people in Western Europe, Marshall spearheaded an effort to deliver aid to countries in the region. He publicly announced his initiative in a speech delivered at Harvard University in June 1947. During the next nine months, members of the administration of President Harry S. Truman shepherded through Congress legislation that Truman signed into law on April 3, 1948.

In terms of American liberal ideals, the Marshall Plan exemplified efforts to promote stability, prevent the spread of communism, and foster economic growth through international cooperation. It reflected liberalism's focus on humanitarian aid, global engagement, and using government resources to support economic development and security worldwide.

Defining Moment

When armed conflict ceased in 1945, the countries of Europe struggled to overcome the devastation caused by World War II. Many teetered on the verge of bankruptcy; food supplies were short and infrastructure severely damaged. The Soviet Union demanded \$10 billion in reparations from Germany—a country in no position to send any money outside its borders, given its dire economic conditions. On the other hand, France, Germany's enemy in three wars over less than a century, was skeptical about any efforts to speed up German recovery. Some leaders in the United States recognized that help from the United States might be needed, but most citizens had little interest in foreign affairs once the war ended.

The situation remained unresolved when President Truman appointed George C. Marshall secretary of state in January 1947. The former Army chief of staff, dubbed the “organizer of victory” by British prime minister Winston Churchill, considered it a matter of



George C. Marshall. Photo via Wikimedia Commons. [Public domain.]

national security to address problems in Europe. In March, Marshall went to Moscow for a meeting of the Council of Foreign Ministers, a group established in 1945 by the Treaty of Potsdam to hammer out postwar issues. At the conference he discovered that the Soviet Union had no wish to see Western European nations recover quickly because economic unrest would make conditions more favorable for the rise of Communism in those countries. Marshall's fears about Soviet intentions were confirmed by George Kennan, the newly appointed head of the State Department's Policy Planning Staff and a Soviet specialist. A report from Undersecretary of State for Economic Affairs Will Clayton assured Marshall that his worries about precarious economic conditions in Europe were well founded.

Marshall was convinced that long-term economic recovery, not temporary relief, was essential, and that European nations would have to take the lead in developing their own recovery plan; the United States must be seen as assisting, not directing, these efforts. Although Marshall professed no party allegiance, he had been appointed by a Democrat. Knowing that any plan he proposed must get through a Republican-controlled Congress, he was also concerned about how Americans' apathy toward conditions in Europe might sway legislators.

Late in May 1947, Marshall agreed to accept an honorary degree from Harvard University, deciding to use this occasion to make public his ideas about the need for the United States to support European

recovery. He had staff members Kennan and Charles Bohlen prepare separate drafts of remarks he might make; from these he composed a brief speech. During commencement ceremonies on June 5 he spoke to a group of Harvard alumni, outlining the principles on which the Marshall Plan would be built.

Author Biography

The descendant of an old Virginia family, George Catlett Marshall, Jr. was born in Uniontown, Pennsylvania, in 1880. He graduated from Virginia Military Institute and was commissioned a lieutenant in the U.S. Army in 1902. Marshall served with the American Expeditionary Force in World War I. Rising steadily through the ranks, he became a brigadier general in 1936 and in 1939 was named the Army's chief of staff. Almost immediately, he began preparing the army for war. Throughout World War II he was one of President Franklin D. Roosevelt's closest advisors. He retired in 1945, but was immediately asked by President Truman to head a delegation to China to try (unsuccessfully) to broker peace between the Communists and Nationalists in that country's civil war. In January 1947, Truman named Marshall secretary of state. He stepped down in January 1949, but in September 1950, Truman appointed him secretary of defense, a position he held for a year. In 1953, he was awarded the Nobel Peace Prize for his work on postwar reconstruction in Europe. He died in 1959.



Historical Document

Speech on the Marshall Plan

I need not tell you gentlemen that the world situation is very serious. That must be apparent to all intelligent people. I think one difficulty is that the problem is one of such enormous complexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisal of the situation. Furthermore, the people of this country are distant from the troubled areas of the earth and it is hard for them to comprehend the plight and consequent reaction of the long-suffering peoples, and the effect of those reactions on their governments in connection with our efforts to promote peace in the world.

In considering the requirements for the rehabilitation of Europe the physical loss of life, the visible destruction of cities, factories, mines, and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy. For the past 10 years conditions have been highly abnormal. The feverish maintenance of the war effort engulfed all aspects of national economics. Machinery has fallen into disrepair or is entirely obsolete. Under the arbitrary and destructive Nazi rule, virtually every possible enterprise was geared into the German war machine. Long-standing commercial ties, private institutions, banks, insurance companies and shipping companies disappeared, through the loss of capital, absorption through nationalization or by simple destruction. In many countries, confidence in the local currency has been severely shaken. The breakdown of the business structure of Europe during the war was complete. Recovery has been seriously retarded by the fact that 2 years after the close of hostilities a peace settlement with Germany and Austria has not been agreed upon. But even given a more prompt solution of these difficult problems, the rehabilitation of the economic structure of Europe quite evidently will require a much longer time and greater effort than had been foreseen.

There is a phase of this matter which is both interesting and serious. The farmer has always produced the foodstuffs to exchange with the city dweller for the other necessities of life. This division of labor is the basis of modern civilization. At the present time it is threatened with breakdown. The town and city industries are not producing adequate goods to exchange with the food-producing farmer. Raw materials and fuel are in short supply. Machinery is lacking or worn out. The farmer or the peasant cannot find the goods for sale which he desires to purchase. So the sale of his farm produce for money which he cannot use seems to him unprofitable transaction. He, therefore,

has withdrawn many fields from crop cultivation and is using them for grazing. He feeds more grain to stock and finds for himself and his family an ample supply of food, however short he may be on clothing and the other ordinary gadgets of civilization. Meanwhile people in the cities are short of food and fuel. So the governments are forced to use their foreign money and credits to procure these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

The truth of the matter is that Europe's requirements for the next 3 or 4 years of foreign food and other essential products—principally from America—are so much greater than her present ability to pay that she must have substantial additional help, or face economic, social, and political deterioration of a very grave character.

The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole. The manufacturer and the farmer throughout wide areas must be able and willing to exchange their products for currencies the continuing value of which is not open to question.

Aside from the demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative. Any government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States Government. Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties, or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.

It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those

countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in the drafting of a European program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all European nations.

An essential part of any successful action on the part of the United States is an understanding on the part of the people of America of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part. With foresight, and a willingness on the part of our people to face up to the vast responsibilities which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome.



Glossary

efficacious: capable of having the desired result or effect; effective as a means, measure, or remedy

palliative: serving to palliate which is to relieve or lessen without curing; mitigate; alleviate

Document Analysis

Marshall's speech is directed at multiple audiences: opinion leaders (including the group to whom he speaks at Harvard), the American public at large, leaders of other nations (including the Soviet Union), and members of Congress. As a consequence, although his speech focuses on economic issues, it contains few statistics. Instead, Marshall relies on broad descriptions of economic conditions and stories that personalize problems so his many audiences can appreciate the gravity of the situation in Europe.

Marshall recites a litany of catastrophes to show how "the entire fabric of [the] European economy" has been upended by a decade of "highly abnormal" conditions: first the Nazis' efforts to transform Germany into a war economy, which prompted other countries to do the same, followed by the war itself, which wreaked havoc on infrastructure and destroyed "many long-standing commercial ties" that permitted businesses to function efficiently. The Allies' inability to agree on a final peace settlement for Germany and Austria has exacerbated problems. This remark is one of several veiled references to the Soviet Union's intransigence in postwar negotiations.

At the heart of his speech, Marshall describes the breakdown of the most basic form of economic exchange: the trade of food produced in rural areas for manufactured goods produced in urban areas. In a long paragraph, he details the changed situation in Europe, dispassionately describing the logical progression of events for both farmer and city dweller to demonstrate that "the modern system of the division of labor" is "in danger of breaking down." Though expressed in measured language, the message is alarmist—almost apocalyptic. Marshall identifies the crux of the problem in a single sentence: Europe's needs over the next three or four years exceed "her present ability to pay."

Arguing that problems of this nature are not simply regional but global, Marshall insists the United States should act to alleviate Europe's plight. In another veiled allusion to the Soviet Union, he insists that U.S. aid is not intended to undermine other nations' efforts; in fact, the United States would welcome their assistance. He follows immediately with a

warning: countries that block recovery efforts may find the United States actively opposing them. Additionally, throughout the speech, Marshall insists that the success of any recovery depends on European nations taking the lead in planning and implementing recovery efforts. This tactic is intended to blunt objections from some in Washington and in the Soviet Union that the United States is attempting to impose its will on Western Europe.

Having laid out the problems and potential solutions, Marshall ends on a note of confidence, assuring his audience(s) that Europe can overcome its present difficulties—as long as Americans display the "foresight" and "willingness" to live up to "the vast responsibilities which history has clearly placed upon our country." This unmistakable call to action signals to the world that the United States is ready to do what is can—and must—to aid both its allies and former enemies in returning to economic health.

Essential Themes

Marshall's speech has been compared to Abraham Lincoln's Gettysburg Address and is cited as the first visible sign of America's willingness to assume its role as a superpower in world affairs. Unquestionably, passage of the Marshall Plan had significant impact in the United States and abroad.

Between June and December 1947, State Department officials drafted legislation to implement the principles set out by Marshall in his Harvard speech. The plan called for \$17 billion in aid over four years for countries that agreed to work jointly to restore industrial production. With the support of Republican senator Arthur Vandenberg, chair of the Foreign Relations Committee, the European Recovery Program (the official name of the legislation commonly called the Marshall Plan) was approved by both houses of Congress and signed into law by President Truman on April 3, 1948. During this period of negotiation and debate, a coordinated campaign to convince the American people that aid to Europe was important for U.S. national security turned public opinion in favor of the Marshall Plan.

The implementation of the Marshall Plan also exposed Soviet intentions in Europe. Offered a chance

to assist in the recovery, Soviet leader Joseph Stalin declined and directed countries in the Soviet sphere of influence to refuse to participate. These actions gave American politicians eager to combat the spread of Communism further cause to champion efforts aimed at curbing Soviet aggression.

Western European nations were euphoric over the prospect of American aid. British foreign secretary Ernest Bevin called the Marshall Plan a “life-line.” By the time aid delivered under the Marshall Plan ended in December 1951, infrastructure across Western Europe was being rebuilt and production of important commodities, such as steel and food, had increased substantially. While grants and loans from the United States provided only a small portion of the funds spent on recovery, the psychological impact was significant. Britain, France, those portions of Germany not under Soviet control, and many smaller nations that had suffered from the war knew that the United States was not abandoning them to their fate, as had happened at the end of World War I. The Marshall

Plan’s most lasting impact may be in preserving Western-style democracy in a number of nations that might have otherwise become socialist states.

—Laurence W. Mazzeno, PhD

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