THE MARSHALL PLAN: REBUILDING EUROPE TO BUILD A US-LED HEGEMONIC WORLD ORDER\textsuperscript{*}

\textit{Araştırma Makalesi / Research Article}


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ABSTRACT

Officially known as the European Recovery Program (ERP), the Marshall Plan is generally considered to have laid the foundations of the current international aid architecture. Most analyses of the Marshall Plan focus on its unique success and the inspiration that it provided as a “success story” for the subsequent aid programs. This study offers a reinterpretation of the Marshall Plan. It argues that the Marshall Plan was by no means confined to rebuilding the physical environment, but also, and more importantly, it was aimed at providing political stability within and between Western European states and incorporating them into the US-led capitalist international order. Accordingly, the Marshall Plan is evaluated not simply in terms of the immediate impact of the material and financial aid that it provided, but rather in terms of its role in the construction of a US-led multilateral international economy.

Keywords: Marshall Plan, European Recovery Program, Foreign aid, the Bretton Woods system.

MARSHALL PLANIN: ABD ÖNDERLİĞİNDE HEGEMONİK DÜNYA DÜZENİ İNŞA ETMEK İÇİN AVRUPA’YI YENİDEN İNŞA ETMEK

ÖZ


INTRODUCTION

Officially known as the European Recovery Program, The Marshall Plan is considered as the most successful aid program launched by the United States in the 20th century. Proposed in June 1947 by the US President Harry Truman’s secretary of state, George C. Marshall, the European Recovery Program has been credited with helping Europe to get back on its feet after the devastation of the Second World War, preventing communism from gaining support in the Western European countries, and laying the foundations of the European integration. It is considered by many as the

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most generous aid exercise in history. British Prime Minister Winston Churchill once called it “the most un-sordid act in history”, while his Foreign Secretary Ernest Bevin said that it was an act of “generosity...beyond belief” (Keeley, 2021:70). By the program’s end in 1952, the United States had channeled to 16 European countries USD 13 billion in the form of economic and technical assistance, which is today equivalent to approximately USD 100 billion (Behrman, 2007: 4).

It has become fashionable to call for a “new Marshall Plan” whenever a country or a region is affected by a political or economic crisis or a natural disaster. Some countries have proposed their own versions of the Marshall Plan for entirely different regions. For example, British government offered a “Marshall Plan for southern Africa” to keep southern Africa stable in the final years of the apartheid regime in South Africa (Plaut, 2006). During its presidency of the G8 group in 2005, the British government once more proposed “a modern Marshall Plan” for the developing world (Tran, 2005). In a comparable manner, The United Nations Millennium Project, which was commissioned by the UN in 2002 to develop an action plan to achieve Millennium Development Goals, evoked the Marshall Plan in its reports, as did the US administration’s Millennium Challenge Account, which was launched in 2006. George W. Bush, the former president of the United States, likened his country’s nation-building efforts in Afghanistan to the Marshall Plan (Bush, 2002). Barack Obama offered a Marshall Plan for the 21st century during his election campaign in 2008 (MacAskill, 2008). John Allen, who was Obama’s special envoy for the global coalition to counter the Islamic State (ISIL), called for a Marshall Plan to rebuild the Middle East to prevent the rise of terrorist organizations like the Islamic State (BBC, 2016). In the course of the global financial crisis in the early 2010s, the president of the European Investment Bank (EIB), Werner Hoyer, demanded a Marshall Plan for Greece government debt crisis (Chasse, 2014: 192). The United Arab Emirates’ minister of economy called for a global initiative similar to Marshall Plan for the political and economic recovery of the Arab Spring countries in 2013 (Flanagan, 2013). The United Nations called for a Marshall Plan to tackle cholera epidemic in Haiti in 2014 (The United Nations, 2014). In 2015, Liberia’s president called for a new Marshall Plan to eradicate Ebola disease and rebuild economies in West African nations devastated by the virus (BBC, 2015). Russia joined the chorus in 2016 when the Russian President Vladimir Putin called for “a kind of Marshall Plan” for the war and conflict-torn Middle East (Wintour, 2016). In January 2017, Germany announced “a new Marshall Plan for Africa” as part of a larger effort to prevent migrant flows to Europe (Pelz, 2017). More recently, the Secretary-General of UNCTAD called for a “health Marshall Plan” for Africa to address the immediate health and livelihood challenges in responding to the COVID-19 pandemic (Kituyi, 2020).

The calls for new Marshall Plan have not been limited to the regions or countries. Detroit City Council and Michigan State University’s Land Policy Institute developed “a Marshall Plan for Detroit City” to improve its infrastructure in 2007 (Gabriel, 2009). As a matter of fact, these calls for “new Marshall Plan” seems to have become an indispensable part of the current debates on development as well as security. It has become fashionable to invoke the Marshall Plan as an example of how the huge global problems, such as refugee crisis in the Middle East or conflicts in Africa, can be solved in a very short period. In the popular imagination, the Marshall Plan helped the economies of Western Europe to recover in a few years and it can do the same today for the Middle East, or Africa. In fact, politicians, bureaucrats and development agencies are not alone in calling for new Marshall Plans. In April 2016, Irish rock star and activist Bono appealed to the US Congress for providing aid to the Middle East, stating that “in the spirit of the Marshall Plan, America once again has the chance to advance global security through global generosity” (Walker, 2016). The calls for a new Marshall Plan are not limited to development, security and humanitarian issues, either. It has become fashionable to evoke the Marshall Plan whenever an issue is considered as requiring immediate attention. For example, in 2015, Liberia Football Association called for a Marshall Plan for football in Africa, Asia and Latin America to support local leagues (Williams, 2015).

In the years since its completion, the Marshall Plan has become a metaphor for a major international success, as is reflected in the periodic calls for a new Marshall Plan. This study also considers the Marshall Plan as a successful initiative. However, the real success of the Marshall Plan lay in its contribution to the construction of a US-led multilateral international economy, not in the
quantity of aid it provided to the Western European countries. Following Wood (1986), this study offers a reinterpretation of the Marshall Plan, suggesting that it is not limited to recovery or reconstruction. The first section provides a brief overview of the literature on the Marshall Plan. The second section discusses the role and relevance of the Marshall Plan in the construction of the US-led multilateral world order. The third section discusses whether and to what extent the roots of the Marshall Plan institutions and mechanisms can be traced back to American New Deal experience. The concluding section briefly assesses how the Marshall Plan institutions and mechanisms contributed to the emergence of a particular form of societal organization in Western European countries.

1. LITERATURE REVIEW

Although the Marshall Plan has been almost unanimously associated in the popular imagination with success and generosity, scholars of postwar Europe and Cold War history have been more divided about its impact and motivation. Whereas earlier studies assigned a central causal role to Marshall Plan in the European economic recovery, subsequent studies took a skeptical view of the impact of Marshall Plan, arguing that European economic recovery had already been underway when the Marshall Plan started. These more recent interpretations seriously questioned the practical achievements and the economic influence of the Plan.

As the most prominent representative of these negative evaluations, Milward (2005: 69) suggests that the effectiveness and importance of the Marshall Plan has been exaggerated, even by those who approached it with suspicion. Milward (2005) contends that economic recovery in Western Europe had already begun before the Marshall Plan commenced and it was the local initiatives undertaken by the Western European countries themselves, rather than the Marshall Plan, that were the main drivers of the European recovery. From this point of view, whatever its motivations were, the impact of the Marshall Plan was small and the recovery of Europe would still have been possible in its absence.

While subsequent studies shared Milward’s interest in the Marshall Plan’s impact on European recovery, the majority of the scholarly debate focused on the motivation behind it. The Marshall Plan is part of a long-lasting debate on the origins of the Cold War and about the causes of the US postwar international economic policy. Mainstream accounts of the origins of the Cold War have provided a very positive evaluation of the Marshall Plan, considering it as a defensive act, designed as a necessary and successful initiative to save Europe from economic collapse and communism, but which received an offensive response from the Soviet Union. They have simply reproduced much of the Marshall Plan propaganda carried out during its implementation. In addition to the academic studies, the traditional perspective can be found in the studies and memoirs of those directly involved in the Marshall Plan (see Jones, 1955; Kindleberger, 2010).

The revisionist approaches, on the other hand, have had a skeptical approach towards the Marshall Plan. They consider it as an offensive act, designed by the United States to shape the postwar global economy, which received a defensive response from the Soviet Union. Revisionist accounts are mostly based on the idea of an American “open door empire” associated with William Appleman Williams. He argued that the United States attempted to solve its domestic economic problems by expanding abroad in search of overseas markets so that American business could operate and profit without restrictions all around the world (see Williams, 1972). According to “open door” interpretation of the United States foreign policy, then, America’s prosperity at home depended on access to markets abroad. For Williams, the result of the United States’ pursuit of an “open door” foreign policy was the creation of an American empire. His views became the “bedrock of the revisionist interpretation of the Cold War” (Schmidt, 2012: 12). From this point of view, the United States’ open door foreign policy, and not Soviet expansionism, was largely responsible for the emergence of the Marshall Plan. Far from being an act of charity, the Marshall Plan was part of an attempt to finance the US export surplus, ensure American predominance in Europe and establish an American empire.
Kolko and Kolko’s work, published in 1972, was one of the earliest revisionist studies that followed in the footsteps of Williams. They argued that the Marshall Plan was not an outcome of US generosity or its fear of communism in Western Europe, but of the anxiety with the proliferation of nationally oriented capitalism based on extensive state intervention and planning in Europe (see Kolko and Kolko, 1972). Similarly, Block (1977: 9) has argued that the Marshall Plan was directed at national capitalism based on extensive state intervention, which was the dominant trend in Western Europe at the end of the war.

Although they see the issue from different angles and reach very different conclusions, both traditional and revisionist approaches analyze the motivation for the emergence of the Marshall Plan and its consequences in a simple and shallow manner. Analyzes inspired by these two perspectives fall short in understanding and demonstrating the role of the Marshall Plan in the establishment of a new world order in the postwar years.


One of the most critical issues facing the US policy makers, industrialists, and labor leaders at the end of the Second World War was the future health of the economy. The war had lifted the US economy out of depression and the fear was widespread that the economy would slide back into depression conditions with the end of huge government expenditures on military goods after the war. The United States had increased its industrial capacity during the war. It was widely recognized that a return to the economic situation, in which domestic demand would be insufficient to absorb the growing economic surplus, would inevitably lead to economic stagnation and depression. In fact, the concerns about and efforts to avoid a postwar depression had already started in the United States during the war. In addition to the federal executive departments, special committees and private corporate policy organizations were concerned themselves with the issue (Wood, 1986: 35). During the war and the early postwar period, there was a consensus among the US policy-makers and business that maintaining a high level of US exports was the key for avoiding a postwar depression. Few expressed disagreements with the Assistance Secretary of State Dean Acheson, when he warned the Special Congressional Committee on Postwar Economic Policy and Planning not to allow the economy to go back where it was before the war. He stated:

It seems quite clear that we are in for a very bad time, so far as the economic and social position of the country is concerned... You don’t have a problem with production. The United States has unlimited creative energy. The important thing is markets. We have got to see that what the country produces is used and is sold under financial arrangements, which make its production possible... You must look to foreign markets... (quoted in Rosenberg, 2003: 89)

These statements and comments of the prominent Marshall planners clearly show that part of the motivation for the Plan arose from the concern for an economic depression in the US due to the overcapacity in industry and the decrease in exports to Europe after the war. This has led some scholars to view the Marshall Plan simply as a source of fund needed for financing the US export surplus. Important as U.S. concern over export surplus in the immediate postwar period was, it does not explain the emergence of the Marshall Plan and the form that it would take. In fact, the economic and political motivations for the Marshall Plan were much more complicated than this.

The Bretton Woods institutions were expected to provide the necessary institutional framework for the construction of a multilaterally managed liberal world economy. The post-war relief and reconstruction efforts also gave birth to several new organizations. The world’s first international aid agency, the United Nations Relief and Rehabilitation Administration (UNRRA), had been created by the Allied powers at the end of 1943 and was mandated to provide economic assistance to European nations after World War II and to assist the refugees who would come under Allied control.

Prior to 1947, the prevailing general view was that the Bretton Wood institutions together with the support of the piecemeal assistance by the US through various channels and agencies would
lead to a liberal postwar economic recovery (Orme, 1995: 33). At the beginning of 1947, however, there were few signs of a stable recovery in Europe even though the United States had already provided more than 9 billion US Dollars for a variety of aid programs on the continent since the end of the war (Hogan, 2005: 30). European industrial and agricultural production still lagged behind prewar levels of production. Capital equipment and plant facilities remained obsolete or in need of repair from war damage. A shortage of manpower and basic resources, especially coal and steel, restrained production, while food shortages and the high inflation led to the prospect of major social and political instability. Moreover, the depletion of gold and dollar reserves and the network of bilateral trade and payments made it very difficult for the European countries to play their part in the American plan for a multilateral system of world trade.

The wartime destruction of public infrastructure and physical capital was extensive. However, Western Europe’s economic difficulties in the postwar era were not limited to rebuilding the physical destruction. The war had also shattered Europe’s trade and payments system. Intra-European trade in the immediate postwar period was mostly conducted through bilateral payments agreements that were in fact a sophisticated form of barter system. Bilateral agreements in postwar European trade became widespread because of non-transferability and inconvertibility of European currencies and designed to ensure that imports from a country were paid by exports to the same country (Oatley, 2001: 951). Because of the non-convertibility of the European currencies, all intra-European payments had to be made in gold or US dollars. However, since there was a shortage of gold and dollars, countries tended to balance their payments with each of their trade partners bilaterally by means of commodities. As a matter of fact, the dollar and gold shortage was the basis of the economic crisis in Europe in the early postwar era. The collapse of the German industry after the war was one of the key problems since the lack of German coal and exports forced the other Western European countries to turn the United States for the basic needs (Painter, 1999: 20). Moreover, the breakdown of trade between Eastern and Western Europe cut off an important non-dollar source of food and raw materials and an important market for the Western European countries (Wood, 2005: 241). Forced to turn to United States for food, raw material, manufactured goods and capital equipment, the Western European countries were running huge trade deficits with the United States since they were unable to earn the dollars necessary to pay for the US imports. Britain and France had liquidated much of their overseas investment to finance the war effort and colonial revenues decreased significantly due to independence movements in the important dollar-earning colonies (such as Vietnam and Indonesia) and declining terms of trade for the key commodities (Wood, 1986: 32). Furthermore, the US investors avoided making investments in Europe due to the risks of political and economic instability. In 1946 and 1947, European exports to the United States covered no more than one-quarter of its imports from the United States (Rosenberg, 2003: 91). Finally, the European countries found themselves dependent on the US economy in a way they had never been before.

As far as the United States was concerned, the economic crisis in Western Europe raised two prospects. First, an economic crisis in Western Europe could move the countries of Western Europe towards protectionism and bilateralism, thus closing their economies and ruining the plans for a US-led multilateral international economy. In this case, this would not only deprive the United States from foreign markets but also from political influence over Western Europe and the wider international economy, as these economies would remove themselves from American influence. Second concern of the United States administration was that communist forces in Western Europe would take advantage of economic crisis and instability to seize power and push Western European countries towards the Soviet Union.

Against this background, the US policy makers realized that the Bretton Woods institutions were not adequate to deal with the economic problems in Europe and they had to adjust their vision of a liberal market-led postwar recovery to prevent the collapse of liberal capitalism in Europe. The economic conditions in Europe did not support the establishment of free trade, with the dollar gap providing a block on reconstruction and multilateral world trade. Therefore, in the middle of 1947, the United States abandoned hope of relying on the Bretton Wood institutions and the other limited international bodies like UNRRA for the European reconstruction. As Wilson (1977: 12) puts it:
American planners were confident that they had the key. Unfortunately, neither they nor the political leaders who approved their program for waging-and winning-the peace realized, until it was too late, that the tasks of clearing away the debris of war and of reviving world trade overreached the capacity of the instruments Americans had constructed for these purposes.

A combination of growing political tensions with the Soviet Union and intensifying economic crisis in Western Europe during 1946 and 1947 led to a reconsideration of the plans for the organization of the postwar international economy. The weakness of the European economies, the rise of the leftist and revolutionary forces in most European countries, and the increasing international influence of the Soviet Union in the aftermath of the war made the restoration of multilateral international economy a more difficult task than the US policy makers had imagined (Block, 1977: 70). The proliferation of bilateral trading arrangements as well as foreign exchange and capital controls in the immediate postwar period in Europe increased the US policy makers’ anxieties about achieving multilateralism. In this context, the US leaders repeatedly emphasized the danger that the Western European experiences with national capitalism and protectionism in the early postwar era posed to the goal of multilateral liberal world economy (see Truman, 1947).

By mid-1947, it had become clear that Europe’s huge dollar deficit, which meant its need for United States commodities, was an urgent problem and the efforts of the Bretton Woods institutions to provide postwar liquidity was insufficient. As Milward (2005: 34) puts it, “the Bretton Woods agreements proved so unsatisfactory an international basis for reconstruction that they had little force or influence on European reconstruction once the international payments crisis in summer 1947 made their inadequacy evident.” Bretton Woods institutions would temporarily lower their profile by June 1947 and the leading role for the reconstruction of European economies would be played by the Marshall Plan institutions. The launch of the Marshall Plan did not mean abandoning the Bretton Woods goals. But instead it meant the postponement of some of the Bretton Woods goals for more urgent tasks related to the smooth functioning of the Bretton Woods system, such as Europe’s large dollar deficit and the disruption of trade in Europe.

The United States decided to pursue its goal of a multilateral liberal world economy through bilateral aid. In this context, the Bretton Woods institutions withdrew to a lower profile. For instance, the World Bank withdrew from the reconstruction of Europe after the Marshall Plan came into effect. Similarly, IMF’s influence was also limited in the late 1940s since there was little interest in the subject of ensuring the stability of the exchange rates in an international environment of widespread import and exchange controls. Restrictions on the access to the IMF funds by the countries that had access to the Marshall Plan funds also limited the use of the IMF funds.

The terms, conditions and institutions under which the European Recovery Program would function were specified in The US Economic Cooperation Act of 1948. The Act established the Economic Cooperation Administration (ECA) to administer the European Recovery Program. ECA was responsible for the execution of the entire program with headquarters in Washington DC and missions in every Western European country. ECA was an independent agency with a single administrator, who had direct access to the US president. Every aid receiving country had a special ECA account and an ECA representative, generally a prominent US businessman. These representatives played a vital role in approving, directing and monitoring Marshall Plan resources. ECA bureaucrats that were assigned to the European countries studied each recipient country’s economy and decided how and how funds were needed most. The Act also specified that aid would only be allocated if the participating countries pursued their economic recovery jointly, and the participating countries were required to establish a permanent organization. The CEEC therefore set up a permanent agency for this purpose. On 16 April 1948, in Paris, the 16 countries signed a Convention to establish the Organization for European Economic Cooperation (OEEC), which was the forerunner of the OECD.

One of the most prominent features of European Recovery Program (ERP) was the intensive involvement of private sector. Economic Cooperation Agency (ECA), which administered the ERP, was run by the business leaders, including the administrator, Paul Hoffman of Studebaker Motor Company. In 1948, the first year that Marshall Plan commenced, over 40 percent of the people in
high governmental positions in the United States had a career background in business, finance or law (Carew, 1987: 41).

The Marshall Plan was designed with several goals in mind, one of which was to overcome the dollar shortage in Europe. Obviously, it was the dollar shortage in Europe that provided the immediate background and urgency to the Marshall Plan in the summer of 1947. In every recipient country, there were foreign payments difficulties. European countries hesitated to grant credits to one another or to accept any form of payment other than either essential commodities or of gold and dollars, although the dollar and gold reserves were very low. Therefore, most countries, as already indicated, resorted to bilateral agreements to balance their payments with each other, and this unavoidably meant the restriction of trade on the continent. In such a context, the conditional aid of the Marshall Plan was intended to solve the dollar shortage and to encourage intra-European trade through a more flexible trading arrangement on the continent.

To this end, the Intra-European Payments and Compensations Agreement was signed in 1948 by the members of the OEEC. Creditor countries that were party to these agreements granted credits to their European partners for amounts determined for each bilateral relationship and in return they received an equivalent amount of aid from the United States. In this respect, there were two important mechanisms that were used by the Marshall Plan administration to eliminate the barriers against intra-European trade. The first one was the mechanism of “counterpart funds,” which was the local currency equivalent to the USD value of financial and material flows provided by the Marshall Plan. Counterpart funds were deposited by the recipient country in local currency in special accounts and they could be used only with the consent of the Marshall Plan administration. Since the Americans had the power to decide how and where they would be used, the counterpart fund mechanism was one of the most important instruments by which the Americans influenced the economic and trade relations of the Western European countries (Vickers, 2000: 40). As Hogan (2005: 155) argues, these funds were used by the Economic Cooperation Administration “to reduce national deficits and stabilize currencies...to eliminate monetary barriers to intra-European trade and economic integration.” The second important mechanism to recover intra-European trade was the system of “drawing rights,” which could be considered as indirect aid. In this mechanism, two European countries forecast their bilateral trade balance for the forthcoming year, and the country that is expected to be in surplus offered drawing rights in local currency to the debtor country equal to the amount of the trade imbalance. The debtor country, then, used drawing rights to purchase goods and services from the creditor country, which is compensated by the ECA dollars in exchange for drawing rights that it provided. By means of these two mechanisms, Marshall Aid provided funds directly for the purchase of goods from the dollar area, and indirectly to finance trade deficits between Western European countries, encouraging them to remove the restrictions in their trade relations. Indeed, it would not be wrong to argue that restoring intra-European trade was one of the most significant goals of the Marshall Plan, as is evidenced by the fact that how Marshall aid was distributed not according to the size of each country’s economy but rather according to the amount of their trade deficit (Tai-Yoo Kim and Daeryoon Kim, 2017: 236).

As a matter of fact, drawing rights and counterpart funds were only two of the several available tools that the Marshall Planners used to shape Western European economic policies. The Marshall Plan was conditional on economic performance. Indeed, as Craft (2013: 209) argues, the conditionality had been always an indispensable component of the Marshal aid from the very beginning:

Conditionality was embedded in the Marshall Plan in several ways. First, the bilateral treaty that each country had to sign was an agreement that embodied sound macroeconomic policies and a commitment to trade liberalization. Second, the requirement for American permission for the use of counterpart funds gave the ERP authorities both some control over the use of resources and ostensibly bargaining power with regard to domestic policy decisions. Third, Marshall aid gave the Americans leverage to encourage recipients to join the European Payments Union, which also entailed reducing barriers to trade and adopting most-favoured-nation treatment of imports from other members.
3. A “NEW DEAL” FOR EUROPE

The Marshall Plan emerged to promote a particular form of societal organization in Western European states that was committed to promote domestic social stability and a liberal international economy. The expected outcome of the Marshall Plan was to restore capitalism in Western Europe and integrate the continent into this US-led multilateral international economy. Efficient use of the Marshall aid meant that each recipient country would prepare an economic plan and all these national plans would be coordinated by an intra-European Agency, the Organization for Economic Cooperation and Development. These coordinated plans, in the view of the US Administration, would facilitate economic integration of the Western European states and would “help create large European markets, without commercial barriers, and with healthy free market competition leading to higher productivity, lower prices, unprecedented growth and ever-growing number of European consumers” (Esposito, 1994: 4). The expectation of the US officials was to overcome class conflicts in Europe by importing into Europe the American dream of prosperity for all. For the US administration, economic growth and increased productivity were not only a precondition for European reconstruction but also a means of social and political stability for Europe’s traditional class conflicts.

These ideas, namely that class conflicts could be overcome by improving the general standard of living through economic growth and that working class could support the prevailing order by securing a greater material stake in that order, can be traced back to a bipartisan policy synthesis forged in the United States in the 1920s and 1930s, termed by Hogan as the “New Deal synthesis” (Hogan, 2005: 22). At the root of this synthesis, according to Hogan, “was an emphasis on co-operating links between private economic groups and between these groups and government authorities,” aimed at “equipping particular countries with American production skills, fashion[ing] American patterns of labor-management teamwork, and, in this and other ways, maximiz[ing] the chances for economic integration and social peace on the Continent” (Hogan, 2005: 136). From his perspective, the Marshall Plan was a US-led transnational strategy not only to reconstruct the Western European economies, but also to Americanize their financial system and production relations.

Like Hogan, Pijl (2012) also traces the motives for the Marshall Plan back to the Roosevelt’s New Deal. He considers the Marshall Plan as part of an attempt to export aspects of American New Deal to Western Europe and as “the first important step in exporting American accumulation conditions” into Western Europe (Pijl 2012: 148). He places greater emphasis on the role of non-state actors in the preparation and implementation of the Marshall Plan and provides a detailed analysis of how “the Marshall offensive” transformed Western European productive and social structures by mobilizing transnational social forces. According to Van der Pijl, Marshall Plan, along with some subsequent efforts, “led to a concrete transformation of the European class structure along lines of the US model” (Pijl, 2012: 138). Reordering of European class relations to resemble the United States model was essential “if a Western Europe capable of withstanding the challenge of socialism was to be created and made part of an Atlantic economy in which the American mode of accumulation could be generalized” (Pijl, 2012: 146).

Gill (2008: 61) suggests that the postwar US-led international order “involved an international historical bloc built on Fordist foundations, and on the internationalization of aspects of the American New Deal model of corporatism and state planning.” He sees the Marshall Plan as part of an attempt to extend Fordist accumulation strategies based on Taylorist management techniques to Western Europe.

As argued by Hogan, Pijl and Gill, the origins of the Marshall Plan can be traced back to the Roosevelt’s New Deal. The New Deal had been based on the assumption that domestic stability could be possible by improving living standards through greater productivity; that political conflicts, primarily between capital and labor, could be resolved by economic growth and prosperity (Vickers, 2000: 23). In many ways, the Marshall Plan made use of the American New Deal experience. The Marshall Plan institutions and mechanisms overall contributed to the construction of a particular
form of societal organization in Western European countries, founded on the American vision of social stability through a general quest for economic growth and productivity that had its roots in the New Deal.

As a matter of fact, many of the US policy-makers in the early postwar, including some of the prominent Marshall Planners, had been engaged in the planning and execution of the New Deal policies. Many of the influential businessmen among the Marshall Planners were the members of the Committee for Economic Development (CED), which had been established in 1942 as a business-led public policy organization that claimed to have non-partisan technical expertise in research to shape public opinion and influence government’s industrial and economic policy (Agnew and Entrikin 2004: 174). CED members included many businessmen that would occupy important positions in the Marshall Plan Administration. Among the founders of the CED were Paul Hoffman, who later became the administrator of the Marshall Plan; Philip Reed, who became chairman of the Anglo-American Council on Productivity; William Batt, who later was assigned to the Marshall Plan mission in London; David Zellerbach, who headed the Marshall Plan mission in Rome; and William C: Foster, who was assigned as Assistant Deputy Administrator of the Marshall Plan (Carew, 1987: 42). Moreover, nine of the nineteen members of President Truman’s Committee on Foreign Aid were businessmen, and five of those nine were CED trustees (Mizruchi, 2013: 58).

The members of the CED, who later played important roles in the formulation and implementation of the Marshall Plan, had come to terms with the New Deal’s economic planning and had been influenced by the industrial growth brought by the wartime mobilization. These experiences led them to reevaluate the free market orthodoxy and convinced them of the need for planning and government intervention. Their faith in free markets was balanced by their concern to prevent the emergence of financial instability and crises, as had occurred in 1929. To some degree, they recognized the need for public regulation of capitalism, both domestically and internationally. This recognition of the need for governmental regulation of capitalism by the US administration and business was also reflected in the nature of international capitalist order that the United States constructed after the Second World War (Saull, 2007: 62).

CED advocated a supposedly apolitical scientific approach to industrial and economic management, which required government and private sector cooperation in technical expertise. The aim of this ostensibly “non-ideological” technical approach was to transform unsolvable class conflict into a general quest for economic growth and greater productivity, based on harmony and collaboration. Even though the Great Depression had, to some extent, discredited the liberal economic thinking and the image of the America's business elite, the ability to achieve greater level of efficiency during the wartime led to the emergence of a business-labor alliance through the belief that “United States could enjoy productive abundance without a radical redistribution of economic power (Maier, 1977: 614). CED incorporated business figures that depicted themselves as trustees, public servants or “socially conscious” capitalists that were ready to cooperate with labor movement and the government, trying to recover the image of the America’s business that had been discredited as selfish and greedy during the Great Depression years (Carew, 1987: 44).

Efforts by business and government to overcome the Great Depression and win the war not only led to the occupation of state administrative offices by business figures, but also created a broad consensus on the necessity of state intervention and planning to increase productivity and to stabilize the capitalist system. This consensus had an ambiguous approach based on interventionist planning, which tried to achieve economic growth and prosperity while avoiding class conflict. It was an approach that would be extended into the official foreign aid policy of the United States as the basis for the European Recovery Program. At this point, Maier’s concept of “politics of productivity” as an explanatory framework could be helpful in terms of getting a better understanding of American foreign aid policy towards Western European countries after the war and the motivation behind the Marshall Plan in particular. Maier uses the term to describe the United States’ attempt to shape the postwar international order in such a way that political issues were transformed into problems of production and productivity. He argues that since the Great Depression, throughout the New Deal years, in the US business and policy circles the idea had become prevalent that “by enhancing productive efficiency, whether through scientific management, business planning, industrial
cooperation, or corporatist groupings, American society could transcend the class conflicts that arose from scarcity” (Maier, 1977: 613).

In other words, Western European societies would overcome social conflicts resulting from scarcity by improving their productivity as had the United States done during the New Deal period. As far as the labor was concerned, politics of productivity meant that class-based labor relations had to be abandoned, with employers and labor becoming partners in the ostensibly apolitical (liberal) pursuit of economic growth. From this point of view, history is not a dialectical series of class struggle, but a linear movement from scarcity to abundance. Accordingly, the transition from scarcity to abundance is considered as a matter of efficiency and engineering, not of politics.

From the very beginning, this American vision of political and economic stability through economic growth and productivity was clearly visible in the Marshall Plan administration. ECA’s special representative in Europe, Averell Harriman, made it explicit in 1949 that improving productivity was a key element of the European Recovery Program when he suggested that “the program of trade and financial stability must be accompanied by a program for greatly increasing productivity” (Boel, 2003: 24).

In addition to its role in encouraging intra-European trade, The Marshall Plan counterpart funds were also assigned a significant role in ECA’s attempts to raise productivity. Sixty percent of these funds were allocated to industrial modernization projects such as Monnet Plan in France (Hogan, 2005: 415). A far less expensive but quite effective ECA initiative to raise productivity was the Technical Assistance Program. This program was part of a strategy to sell the values of capitalist productivity and hence prevent the appeal of communism. The program’s aim was to increase efficiency of industrial production in Western European countries through the introduction of American production, business organization and labor management techniques. Technical Assistance Program funded European experts, engineers and industrialists to visit factories, mines and industrial centers in the United States so that they could study and copy American agricultural and industrial production methods at home. Besides, hundreds of American experts and technical advisers were sent to Europe for implementing technical-assistance projects, engineering schemes, and productivity surveys. The ECA also formed productivity teams, working closely with industry, labor, and government in Europe, and with groups such as the National Association of Manufacturers, the Chamber of Commerce, and the leading labor unions, farm groups, and trade associations in the United States (Hogan, 2005: 142-143).

The Marshall Plan was of a high-profile nature. It incorporated various mechanisms and strategies to disseminate American production relations and management methods in Western European countries. In addition to the Marshall aid propaganda through posters, films and radio broadcasts; the Marshall Planners adopted an extensive propaganda campaign in Europe, known as Information Program. The information campaign promoted the ideas of productivity, scientific management, mass production and economic integration. The slogans of the program, such as “you too can be like us” and “prosperity makes you free,” were aimed at convincing the Western European populations to adopt the US economic model (Ellwood, 1991: 25).

The success of the Marshall Plan in contributing to the building of the US-led multilateral international system required a reshaping of the ideological and institutional framework within which the working class was organized. Trade unions were the key actors in achieving this goal. The US officials repeatedly emphasized the need to focus specifically on the trade unions, where the communist influence was the strongest and whose cooperation and loyalty were necessary if the social stability and economic growth was to be restored (Saull, 2007: 67). As early as October 1947, Undersecretary of State, Robert A. Lovett wrote to the American Ambassador in France to keep “the healthy elements of labor movement” in the non-communist camp to secure an American-oriented, pro-capitalist Western Europe (Maier 1981: 347). Lovett also made it clear that the American aid to France would not continue unless “a strong, unified and cooperative non-Communist government put the French house in order” (Maier, 2005: 227).

History of the American trade union organizations and their role in the New Deal are too complex to discuss in detail here. The crucial point, though, is that in the late 1940s, two prominent
federation of trade unions in the United States, American Federation of Labor (AFL) and Congress of Industrial Organizations (CIO), had positioned themselves in favor of “politics of productivity” that had been developed through the New Deal. These two anti-communist trade union federations played the leading roles in separating the revolutionary elements from what Lovett called “the healthy elements” of labor movement in Western European countries. As Rupert (1995: 46) has shown, both of the major trade organizations in the United States played a prominent role in promoting the establishment of anti-communist unions in the Western Europe because American unionists believed that economic reconstruction in Western Europe would help increase production imports to sustain full employment and higher wages at home. In collaboration with American officials and intelligence service, American trade unions tried to incorporate more “moderate” elements of labor in Western European countries as partners in the historic bloc underlying the new hegemonic order. As a matter of fact, the Marshall Planners thought that the best ambassadors to sell the Marshall Plan objectives to the European workers were their American counterparts, who were coming from a similar class background but had higher living standards.

As a result, American trade unions played an increasingly active and decisive role in the implementation of the Marshall Plan. An Office of Labor Advisers, which was established in ECA headquarters in Washington, appointed American trade unionists as advisers and specialists to the ECA missions in the Marshall aid recipient countries in Europe. This labor advisory staff were in close contact with the local labor movements and they provided technical assistance and counseling to the unions and governments in Europe on the issues related to productivity, efficiency and labor-management relations. American trade unions, benefiting from the Marshall Plan institutions, played a crucial role in weakening the social and political power of communist trade unions in Western Europe (Rupert, 1995: 48).

This is not to suggest that the Marshall Plan was the only factor that marginalized communist forces in the early postwar Europe. The divisions in the trade unions had already existed in postwar Western Europe even before the Marshall Plan commenced. Moreover, the political program of the left in countries such as France and Italy concentrated on social stability and reconstruction rather than revolution (Carew, 1987: 19). France and Italian communist leaderships seemed to give priority to economic growth over the questions of property ownership and distribution of wealth. For example, Maurice Thorez, as the leader of French Communist Party and government minister, underlined production as “the highest duty” of the French worker (Eichengreen, 2008: 55). Work hard first, then ask for concessions” and “produce produce” were the slogans of the of the trade union confederation in France (Ross, 1982: 31). Therefore, we have evidence to believe that the Marshall Plan was not the only factor that undermined the social and political power of communist forces in Europe in the early postwar period. However, the aim here is not to find answer to the question “what would have happened if it had not been for the Marshall Plan?”- a question that is impossible to answer. Nevertheless, the important thing here is to understand the class dimension of the Marshall aid and its role in changing the balance among social forces within Western European states and constructing a new international economic order.

The Marshall Plan laid the foundations of the so-called long boom, which saw the most widespread growth of the capitalist economies in the world history. It also facilitated the political and economic integration the former enemies in Europe by promoting inter-European trade through mechanisms like conditional aid and drawing rights. But, just as significant as these, is its role in contributing to the domestic political stability of the capitalist states in Europe by implanting strong anti-communist tendencies in major sections of the working class and building a consensus around what Maier calls “the politics of productivity.” Whereas European workers had been the potential actors for a social revolution in the inter-war period, in the postwar they turned into “a pillar of the prevailing social order by securing a greater material stake in that order” (Saull, 2007: 66).

4. CONCLUSION

Institutions and mechanisms of the Marshall Plan laid the foundations of aid, as we know it today. Aid has been generally considered as a component of foreign policy involving actors, such as diplomats, technocrats and development experts. However, the analysis of the Marshall Plan in this
study has shown that foreign aid involves other actors like private sector and trade unions. Besides, our analysis has also shown that foreign aid does not simply refer to processes like development projects, transfer of material resources and technical cooperation among the states; but also to the other processes, such as class struggle, multilateralization of trade and exploitative relations between labor and capital. In this regard, The Marshall Plan gives a perfect demonstration of the fact that foreign aid involves actors and processes that are dedicated to the formation and maintenance of capitalist relations of production and exchange.

Despite the fact the Marshall aid was intended as a weapon to address the perceived security threat of spreading communism, its role was not limited to the geopolitical threat of the Soviet Union. The architects of the Marshall Plan were concerned less with the direct threats posed by the Soviet policies and more with how balance of power among domestic social forces in Western European states could have geopolitical consequences in favor of the Soviet Union. The Marshall aid was primarily a response to the socio-economic challenges that the political instability and economic crises in the other capitalist states in the early postwar period posed to the US-led international capitalist order. In this regard, the contemporary calls for the Marshall Plan for different regions like Middle East or Sub-Saharan Africa are at best ahistorical, if not altogether meaningless.

The Marshall Planners successfully used conditional aid mechanism to shape and influence the political and economic developments in the recipient countries in favor of the capitalist socio-economic interests. In the longer term, what was more important than the material and financial resources that the Marshall Plan provided was its role in changing the environment in which economic policy was conducted and promoting certain concepts, such as productivity and economic growth, as common sense while marginalizing communist influence.

BIBLIOGRAPHY


GENİŞLETİLMİŞ ÖZET

Amaç


Metodoloji


Bulgular


Sonuç ve Tartışma

Ana akım Uluslararası İlişkiler ve ikitsat literatüründe baktığımızda, genel olarak, dış yardım ulusal çıkarların gerçekleştirmesine amacıyla kullanılan pek çok dış politika arasında biri olarak görülmektedir. Yani dış yardım yükseklerin süreceğen dış politika uygulamalarının biri olarak siyasal ve ekonomik çıkar ele etme amacıyla bir araçtır. Dış tarihsel süreçte yardımın siyasal ve ekonomik çıkar ve nüfuz elde etmede kullanıldığı tartışmak bir geçerlidir. Ancak bu yazılarından yalanızlar İçindeki Dünya Savaşı sonrası kalkınma yardımlarının tarihsel olarak kendi özgü niteliğini yadırmaktadır. Çünkü ana akım yalanızlar göre antik çagda imparatorlukların sağladığı dış yardımlar ile İçindeki Dünya Savaşı sonrası Amerika Birleşik Devletleri’nin sağladığı yardımlar arasında mağz ve motivasyon açısından pek de bir fark yoktur. Bu çalışma dış yardım kısa vadeli ikitsadi ve siyasi çıkar ele etmedeki rolü üzerinden değerlendiren indirimcisi bir çalışma ile sınırlı kalmak yerine, Savaş Sonrası dönemde dış yardımın yeni uluslararası düşünen oluşturulmadaki öğün rolü üzerine odaklanan daha geniş bakış açıına sahip sistemik bir analiz sunmaktadır. Bu çalışma, ayrıca, Marshall Planı’ni ve sonrasında ortaya çıkan küresel dış yardım mimarısını sistemik bir
çerçeveye yerleştirilenin, dış yardımda askeri, siyasal ve stratejik mücadelelerin bir aracına indirgeyen yüzeysel yaklaşımları aşmada faydali olacağını öne sürülmektedir.