

Spring 2014

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Sam O'Brien

University of New Hampshire - Manchester

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Recommended Citation

O'Brien, Sam, "Questioning the Marshall Plan in the Buildup to the Cold War" (2014). Inquiry Journal 2014. <http://www.unh.edu/inquiryjournal/spring-2014/questioning-marshall-plan-buildup-cold-war>

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Inquiry Journal

Undergraduate Research Journal : Spring 2014

Research Articles

Questioning the Marshall Plan in the Buildup to the Cold War

—Sam O'Brien (Editor: Jennifer Lee)

The European Recovery Program, part of the Economic Recovery Act of 1948, was from its inception known by the name of its chief proponent and designer, George C. Marshall, United States Secretary of State from January 1947 to January 1949. In place until 1951, the Marshall Plan made possible the economic recovery of a continent devastated by World War II. It was brilliantly designed to succeed where other rehabilitation plans had failed. The development of the Plan was extremely complex, not only because of what it proposed to do, but also because of ideological tensions between the U.S. and the U.S.S.R. These tensions would grow into the Cold War, a struggle between two superpowers for control of humanity's social and political future.

When I first researched the Marshall Plan in a senior history course at the University of New Hampshire at Manchester (UNHM), I found historians almost unanimous in their praise for its humanitarian incentives and overall effectiveness. At the same time, they agreed that the Plan indirectly contributed to the East-West division of Europe, a process that ultimately culminated in the Cold War. However, as I pushed further, I found that some historians have questioned the United States' primary motivations during the designing of the Plan. They see the plan as playing a central role in the emerging Cold War struggle, and some even claim that it intentionally contributed to the tensions that shaped the Cold War.

The period roughly between 1947 and the collapse of the U.S.S.R. in 1991, dubbed the Cold War, was a time of intense fear not only for Americans, but for the entire world. When mounting ideological tensions were accompanied by an unprecedented arms race, the entire planet worried that a full-blown Soviet-American engagement would threaten the very existence of the human race. If the Marshall Plan actually represented a calculated offensive by the United States against the Soviet Union, it would significantly change my view of the U.S.'s motives in developing the Plan.

This was a much more complex subject than I had begun with. I plunged into the history books, journal articles, and scholarly reviews, uncovering a variety of historical interpretations. Some historians were impartial and others

undeniably biased; however, all of them contributed to my understanding of the designing of the Marshall Plan. These secondary sources provided, through their citations and bibliographies, links to primary sources that documented the obstacles facing George Marshall and the motivations of the U.S. for the crafting and implementation of the European Recovery Program.

Success and Criticism

In the spring of 1947, Secretary of State Marshall participated in a meeting of the Council of Foreign Ministers in Moscow. At this meeting Marshall was confronted with two seemingly insurmountable problems: the dire economic conditions of Europe and the apparent unwillingness of the Soviet Union to endorse any solution that might retrench European capitalism. Back in the United States, with the help of the newly formed Policy Planning Staff, which consisted of notable American diplomats such as George Kennan and William Clayton, Marshall developed a novel approach to the reinvigoration of Europe's economy. He formally announced his proposal on June 5, 1947, in a commencement speech delivered at Harvard.



The author in the University of New Hampshire at Manchester library (Photo courtesy of Victoria N. DiPippo, Student Activities).

Following Marshall's announcement, three requirements in his proposal became essential for the U.S. as the design of the recovery program developed. First, the initiative must come from Europe, it must be evolved in Europe, and Europeans must be held responsible for it. Second, the program must be collaborative and European nations must form a coalition from which a comprehensive plan could be developed. And finally, the program must be self-sufficient (Cromwell, 1979). These requirements were crucial if the Marshall Plan was to succeed, not merely at alleviating the immediate European predicament, but also at providing the economies of Europe an external support from which they could eventually stand on their own. Moreover, these requirements were necessary to receive American congressional approval for the European Recovery Program (Cromwell, 1982).

Officially initiated on April 3, 1948, the Marshall Plan became the largest economic recovery effort in human history. The Plan's brilliance emerged from its requirement of intra-European cooperation. By requiring collaboration among participants, the Plan rectified the practice of European protectionism, which had contributed to the failure of previous efforts to restore the European economy (Judt, 2006). The Marshall Plan's structure ensured that economic recovery in one country would facilitate recovery in another, making the Plan self-sufficient.

The overall success of the Marshall Plan cannot be denied. By 1951, when Marshall Aid was converted into a program for military assistance, the United States had contributed some \$12.3 billion to the goal of European recovery. In most participant nations, production had reached or surpassed its pre-war level. The Plan's emphasis on intra-European cooperation laid the groundwork for future multinational European organizations, such as the European Community and European Union (Hitchcock, 2013). Above all, the Marshall Plan succeeded in restoring the confidence of a continent that had undergone decades of war (Judt, 2006). Without the economic aid provided by the Marshall Plan, it is questionable whether the devastated countries of Europe could have recovered to where they are today.

Subsequent historical interpretations have taken a more critical position regarding the Marshall Plan's overall legacy. The major aspect being questioned is the Marshall Plan's focus on Western Europe, which critics claim contributed

to the Cold War. However some critics go even further, questioning America's true intentions. Historians Michael Cox and Caroline Kennedy-Pipe have argued that the Marshall Plan was actually an offensive measure intended to destabilize already established Soviet authority in Eastern Europe. They claim the Plan was meant to offer these countries an ideological choice between Soviet communism and American capitalism. Thus, the United States' primary goal in designing the Marshall Plan was to entice the countries within the Soviet orbit to join the Western camp (Cox and Kennedy-Pipe, 2005).

The most vital piece of evidence used to sustain this claim is in the summary of a discussion on European rehabilitation held by the Policy Planning Staff on May 28, 1947. Following a proposal that the plan adopt a pan-European approach to recovery, U.S. officials agreed that "it would be essential that this [pan-European approach] be done in such a form that the Russian satellite countries would either exclude themselves by unwillingness to accept the proposed conditions or agree to abandon the exclusive orientation of their economies" (U.S. State Department, 1947; Cox and Kennedy-Pipe, 2005). Critics such as Cox and Kennedy-Pipe claim that this stipulation, that the countries of Eastern Europe would have to "abandon the exclusive orientation of their economies," represents America's intention to use the Marshall Plan as a way to subvert existing Soviet influence in Europe.

The Cox and Kennedy-Pipe argument completely clouded my perception of the plan as principally benevolent. Was it really just another political maneuver in an evolving Cold War climate? Or even an offensive measure directed at "rolling back" Soviet communism? If not, what were the true intentions of the U.S. while designing the Marshall Plan? To answer these questions, I needed a better understanding of both the Marshall Plan's origins and the early Cold War climate in which it was forged.



George C. Marshall, U.S. Secretary of State from January 1947 to January 1949 (Photo by Thomas Mcavoy).

The Cold War Climate

As World War II came to a close, diplomatic pressure was at an all-time high as the U.S. and the U.S.S.R. adopted vastly different attitudes regarding their political goals. The postwar world ultimately became a scramble by the two superpowers to fortify and extend their global influence. Due to their divergent ideologies, each country held profoundly opposing conceptions of what postwar Europe would become. For the United States, the goal was to promote free trade and open markets; for the Soviet Union, the goal was to export communism wherever they could.

As tensions mounted, the U.S. and U.S.S.R. took diplomatic initiatives to undermine one another's political progress. In 1947 the United States established its official commitment to contain the spread of communism by announcing the Truman Doctrine, which extended American aid to Greece and Turkey to assist them in their struggles with local communist factions. By the time the Marshall Plan was first conceived, it had become clear that much of the world was being divided between American-style capitalism and Soviet communism. This process was most pronounced in Europe, which was becoming increasingly polarized between East and West.

In 1947 George Marshall was faced with daunting political obstacles to the development of a European Recovery Program. First, the populations of Europe – whose votes were needed to approve their countries' participation in the program – were strongly opposed to the prospect of choosing between ideologies, and feared that increasing Soviet-

American tensions were leading to yet another world war. The Truman Doctrine, which had just gone into effect, heightened these fears. If the Marshall Plan was to be accepted by European voters, it would have to avoid being framed in the context of a Soviet-American conflict. This meant the Plan had to adopt a pan-European framework and allow the Soviet Union to participate in the design process (Cromwell, 1982).

The second obstacle was the issue of domestic approval. The U.S. Congress was reaching its limits on the appropriation of foreign aid to Europe. Previous aid efforts had done little to alleviate Europe's dire economic situation. Furthermore, most American congressmen were staunch anti-communists. The issue of satisfying Congress—which was responsible for ratifying the plan – practically dictated a Western European focus. The financial scope of a pan-European approach, the prospect of including countries that had already exhibited communist tendencies as a result of Soviet pressure, and the inclusion of the Soviet Union in the recovery effort practically ensured congressional rejection (Cromwell, 1979).

To meet the needs of both European voters and the U.S. Congress, George Marshall first proposed a plan that pursued a pan-European framework and opened the door for Soviet participation in its development. However, Marshall knew that the U.S. insistence on intra-European cooperation, which would require participants to divulge their economic shortcomings, would make it impossible for the U.S.S.R. to participate (Cromwell, 1979). The Soviet Union's firm commitment to communism and intense culture of secrecy would ensure their refusal to be part of the Marshall Plan. Because the Plan was designed to appear open to Soviet participation, European voters would be more willing to accept it, and because the Plan was formulated to warrant Soviet rejection, Congress would be more disposed to approve it.

After considering the enormous difficulties of designing a plan that would satisfy both domestic Europe and the American Congress, it is hard to conceive that the Marshall Plan's primary aim was to entice the countries of Eastern Europe to break away from Soviet influence. Had the voters of Europe inferred this objective, they would have certainly rejected the program, fearing that it would lead to a Soviet-American conflict. The U.S. Congress, despite its general anti-communist sentiment, would not have approved the substantial expansion of aid required to accomplish European recovery and lure the countries of Eastern Europe into the Western camp – it would have simply cost too much.

The Marshall Plan was certainly motivated by more than humanitarian goals, but the objective of pushing the Soviet Union out of Europe was not one of them. This was just too impractical given the political and diplomatic situation in 1947. To uncover America's true motives for implementing the Marshall Plan, I needed to explore the actual documents from the period.

Exploring the Evidence

Throughout my investigation of the Marshall Plan I continually noticed citations to FRUS, meaning Foreign Relations of the United States. FRUS is a collection of government documents containing communications and memoranda of the U.S. State Department. In *Foreign Relations of the United States, 1947, Volume III: The British Commonwealth; Europe*, there is a section dedicated to the Marshall Plan. Through this collection of documents I was finally able to understand America's intentions regarding European recovery.

As I explored the documents, it became clear that the Marshall Plan was intended from the beginning to achieve the economic stabilization of Western Europe. A State Department memorandum specifies that "The most important and urgent element in foreign policy planning is the question of restoration of hope and confidence in Western

Europe and the early rehabilitation of the economies of that area" (U.S. State Department, 1947). The restriction to Western Europe was an acknowledgement of the East-West division of Europe that was already apparent by 1947. However, other FRUS documents reveal that the West European focus also emerged from the recognition that the economies of Western Europe were far more industrialized and had far greater access to vital natural resources than did the countries of Eastern Europe. Furthermore, the countries of Western Europe provided greater prospects for future economic relationships beneficial to the U.S. (U.S. State Department, 1947).

The FRUS collection revealed that the Marshall Plan was also intended to promote America's global interests and maintain US national security. This objective is made clear in a government report which states the principle that "U.S. security is the fundamental interest to be served by U.S. aid to foreign nations." The report then states the specific purpose of foreign aid at the time:

[It] is to extend in terms of the U.S. national interest the objective recently enunciated by the President for Greece and Turkey, by supporting economic stability and orderly political processes, opposing the spread of chaos and extremism, preventing advancement of Communist influence and use of armed minorities, and orienting other foreign nations toward the U.S. and UN (U.S. State Department, 1947).

The Marshall Plan was undoubtedly an expansion of the containment policy established by the Truman Doctrine, but that doesn't mean it was meant to undermine already established Soviet influence. The Marshall Plan was designed to prevent the further advancement of Soviet power in Europe. If the U.S.S.R. was allowed to extend its influence into Western Europe, then only the Atlantic would stand between it and the United States.

The threat to American security, which a devastated or Soviet-dominated European economy would entail, also had a significant domestic component. As the plan was being developed, U.S. Under Secretary of State for Economic Affairs, William Clayton, acknowledged that if the European economy was allowed to fail, "the immediate effects on our domestic economy would be disastrous: markets for our surplus production gone, unemployment, depression, a heavily unbalanced budget on the background of a mountainous war debt" (U.S. State Department, 1947).

Thus, along with maintaining U.S. national security, a primary motivation of the Marshall Plan was to safeguard America's access to European markets. The American economy was dependent on these markets to sell its surplus goods. If they ceased to exist, then overproduction in the United States would be near impossible to rectify. In the short-run, this would mean a debilitating disparity between a businesses' credit spent and credit earned, resulting in layoffs and bankruptcy. In the long-run, the aggregate effect of nationwide business failures and unemployment could result in another economic depression.

Interpreting the Evidence

Despite the claims made by critics, such as Michael Cox and Caroline Kennedy-Pipe, the Marshall Plan was not an offensive measure taken to mitigate established Soviet influence. Modern observers need to understand the differences between a commitment to contain the spread of Soviet communism and a policy of reducing, or "rolling-back," existing Soviet influence. The Marshall Plan was unquestionably a product of the former. The stipulation that the countries of Eastern Europe would have to "abandon the exclusive orientation of their economies" does not represent a hidden Cold War objective on behalf of the Marshall Plan's designers. The key word is "exclusive." In 1947 the Soviet Union had exclusive control of the Eastern European economies. By necessitating intra-European cooperation, the Marshall Plan was creating a scenario in which the economic activity of Eastern Europe would be determined by the needs of the other European participants, not the Soviet Union. Thus, the requirement of

economic reorientation and the insistence on intra-European cooperation were essentially the same thing and crucial to the Marshall Plan's success.

My research led to the conclusion that the Marshall Plan represents a defensive measure taken by the United States to secure its previously established interests in Western Europe. From the start, the Marshall Plan was specifically intended to promote the economic recovery of countries within this area. The United States was motivated by two key considerations. First, the continent's dire economic situation was making the countries of Western Europe vulnerable to communist/ Soviet exploitation, which presented a major threat to American interests and U.S. national security. And second, it was imperative that the United States maintain its surplus markets in Europe, specifically in Western Europe because of their future economic potential. The initial design of the Marshall Plan – the adoption of a pan-European framework and permitting of the Soviet Union to partake in the design process – was not intended to represent an offer to the countries of Eastern Europe to choose between Soviet communism and American capitalism. Rather, it was the result of George Marshall's need to satisfy Western European voters and the American Congress, whose approval was needed to authorize the European Recovery Program.

The Marshall Plan was forged in the Cold War climate, which dictated the program's objectives and ultimate design. While it is impossible to claim that the Marshall Plan was solely motivated by humanitarian incentives, it is equally unwarranted to assert that the Marshall Plan was intended to challenge existing Soviet influence in Eastern Europe. Soviet-American tensions undoubtedly played a central role in the Plan's creation, and the Plan did contribute to the East-West schism in Europe. However, it is important to recognize that the Marshall Plan was implemented out of a necessity to combat a dire economic situation, which if left unchecked would in all likelihood result in mounting social chaos and human suffering.

Whatever conclusions are drawn, it is impossible to overlook the fact that the aid provided by the Marshall Plan rescued Europe from the edge of the abyss. Its motivations and consequences must always be assessed in comparison to its accomplishments. The Marshall Plan succeeded in easing Europe's transition from the desolation of World War II to the relative stability that characterizes its postwar history. Without it, our world would undoubtedly be a very different place.

I would like to thank the many dedicated individuals who assisted me in the development of this article. Most of all, I would like to thank my mentor, Professor John Cerullo, for his encouragement and conscientious effort to advance both my research abilities and analytical skill set. Professor Cerullo has guided me throughout my academic experience at UNH Manchester, facilitating my progression from a young college student with an interest in history to a devoted history major captivated by the past. Another thank you goes to Dr. Robert Macieski for helping me refine my many theses through his multiple reviews and insightful comments. Finally, I would like to express my gratitude to the University of Wisconsin and the Marshall Foundation, whose online collections were crucial to my research and provided me with a comprehensive understanding of the Marshall Plan.

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Author and Mentor Bios

Senior **Sam O'Brien** is a history major with an education minor at the Manchester campus of the University of New Hampshire. His area is modern European history with particular interests in the Cold War and revolutionary history. His Inquiry article is the outgrowth of extensive research he did in Professor Cerullo's Europe since 1945 course. He enjoyed most reading the primary sources he uncovered and said, "I found it fascinating to read comments, opinions, and orders given by those most involved in developing the Marshall Plan." From Nashua, New Hampshire, Sam will graduate in May 2014 with a bachelor of arts in history. He plans to finish a master of arts in teaching the following year for his career goal of becoming a high school social studies teacher. However, his heart is now set on achieving a Ph.D. in history and eventually teaching at the university level.

Professor **John Cerullo** has been at the University of New Hampshire at Manchester since it was Merrimack Valley College more than thirty-three years ago. Currently he is the coordinator of the history program at UNHM and professor of modern European history. His overall research interest lies in the history of moral thought and, more specifically, he said, "moral issues that arise at the interface of law and politics." Professor Cerullo noted that Sam was not only an outstanding classroom participant but also an "outstanding researcher," who "located the primary sources by himself." As a veteran mentor, Professor Cerullo feels he gains "the enormous satisfaction of seeing a seed I have planted grow into something substantial and self-sufficient, thanks entirely to the work and talents of an ambitious, self-motivated student." He has mentored several Inquiry authors and in the process has "wound up learning far more about the subject than I have taught." Learning to write is vitally important for history students and, he feels, writing for Inquiry is an excellent opportunity for them to gain those skills.

Professor Cerullo has mentored Inquiry authors Devon Mercer (2006) and Randall Lawrence-Hurt (2010).

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