Never before in history has one nation faced so vast an undertaking as that confronting the United States of repairing and salvaging the victors as well as the vanquished. The complete surrender of the Axis powers did not bring any relaxation or rest for our people. They had to face and were ready to make whatever new sacrifices were necessary to insure the peace. This was the most destructive of all wars. There were no battle fronts, and civilian populations were, unhappily, military targets as much as were the armed forces, because they were part of the industrial and economic centers involved in a total war.

Attacks on industrial communities, the bombing of transportation, utilities, and other facilities strained to the breaking point the economic life already drained by the voracious needs of the armed forces. Nations, if not continents, had to be raised from the wreckage. Unless the economic life of these nations could be restored, peace in the world could not be re-established.

In the first two years that followed V-J Day the United States provided more than fifteen billion dollars in loans and grants for the relief of the victims of war. We did everything humanly possible to prevent starvation, disease, and suffering. We provided substantial aid to help restore transportation and communications, and we helped rebuild wrecked economic systems in one major country after another.

For the first time in the history of the world a victor was willing to restore the vanquished as well as to help its allies. This was the attitude of the United States. But one of our allies took the conqueror’s approach to victory.

The Russians wanted twenty billion dollars in reparations, and I told them at Potsdam that we did not intend to pay the reparations bill as we had so largely done after World War I. That was the only way they could collect these reparations now, because the vanquished were prostrate. We would rather make grants for rehabilitation to our allies and even to former enemies. In contrast, the Russians, wherever they could, stripped the countries they occupied, whether friends or enemies, of everything that could be carried off. Poland, Rumania, and Czecho-Slovakia are shining examples of the rewards that come for helping the ungrateful Russians.

The assistance we gave, which averted stark tragedy and started progress toward recovery in many areas of the world, was in keeping both with the American character and with America’s new historic responsibility. To help peoples in distress was not only a tradition of our country but was also essential to our security. By rebuilding Europe and Asia, we would help to establish that healthy economic balance which is essential to the peace of the world.

By 1947, however, after two years of substantial, though piecemeal, emergency assistance, it was apparent that an even larger and more comprehensive program was needed to achieve the rebuilding of the economy of Europe. Speed was essential, because the West now faced the increasing pressure of Communist imperialism. And at the same time I felt that no amount of American aid would lead Europe to lasting recovery unless the nations of Europe themselves could also help cure some of their own chronic economic ills. With this thought in mind, I was looking for some method that would encourage the peoples of Europe to embark upon some joint undertaking that would eventually lead to effective self-help.

In the fall of 1946 the State-War-Navy Coordinating Committee was asked to join in this study and to submit recommendations for action. It seemed to me now that our experience with the Greek-Turkish aid program gave us a basis for an approach to a plan of economic assistance to our ailing allies.

On March 12, 1947, I made a policy speech in which I sought to outline the position the United States would take wherever there were active threats to the independence and stability of free nations.

I said, “Our foreign relations, political and economic, are indivisible. We cannot say that we are willing to cooperate in the one field and are unwilling to cooperate in the other.” I cited the economic war of the...
"I stressed the interrelation of food and freedom. ("The war," he said, more the prologue to the Marshall Plan. Originally, it had been planned for out that further, comprehensive financing would be necessary to the preservation of peace. My advisers were already at work seeking further practical ways to strengthen international co-operation in economic matters.

We had sent food to Europe, but millions there still did not have enough to eat. We had made loans to the countries of Europe, but the war had so disrupted the patterns of trade and industry there that the amounts we loaned were far less effective than we had hoped. I was disturbed because the loan to Britain had failed to accomplish what we thought it would.

Detailed reports came to my office daily from our government agencies about conditions abroad. A steady stream of appeals poured in from representative leaders of many foreign nations, virtually all of whom expressed the gravest concern over the economic situation and over the gains which Communism might score if there were no improvement.

On April 26, when Secretary Marshall returned from the Moscow conference of Foreign Ministers, he arrived in a pessimistic mood. He had gone to Moscow with the hope that he could persuade the Russians that the United States was working for peace. The Russians, however, were interested only in their own plans and were coldly determined to exploit the helpless condition of Europe to further Communism rather than cooperate with the rest of the world.

Marshall's report confirmed my conviction that there was no time to lose in finding a method for the revival of Europe. General Marshall is one of the most astute and profound men I have ever known. Whenever any problem was brought before him, he seemed to be able to put his finger at once on the very basic approach that later would usually be proposed by the staff as the best solution. He talked very little but listened carefully to everything that was said. Sometimes he would sit for an hour with little or no expression on his face, but when he had heard enough, he would come up with a statement of his own that invariably cut to the very bone of the matter under discussion.

As Secretary of State, Marshall had to listen to more staff talk than when he was Chief of Staff. He would listen for a long time without comment, but when the debates between members of his staff seemed destined to go on interminably and he could stand it no longer, he would say, "Gentlemen, don't fight the problem; decide it." Dean Acheson told me a characteristic story about Marshall when he first took over as Secretary of State. Marshall had asked Dean Acheson to stay on as Under Secretary and said, "I want the most complete and blunt truths from you, particularly about myself." Dean Acheson replied, "Do you, General?" "Yes," Marshall said. "I have no feelings except a few which I reserve for Mrs. Marshall."

What Marshall perceived in the plans which his State Department staff laid before him was the importance of the economic unity of Europe. If the nations of Europe could be induced to develop their own solution of Europe's economic problems, viewed as a whole and tackled co-operatively rather than as separate national problems, United States aid would be more effective and the strength of a recovered Europe would be better sustained.

This was precisely the approach I had in mind. Marshall and I were in perfect agreement. It was my feeling that, beyond economic considerations, the idea of co-operation would stimulate new hope and confidence among the nations of Europe and thus provide a realistic argument against the Communists' counsel of despair.

This idea, as an approach to the European problem, was first expressed in public at Cleveland, Mississippi, on May 8, 1947, when Under Secretary of State Dean Acheson delivered what might be called the prologue to the Marshall Plan. Originally, it had been planned for me to speak at this meeting, but I had other commitments and asked Dean Acheson to fill the engagement. The Acheson speech contained the basic elements of the proposal which was given full development and expression a month later by Marshall.

The key point of the Acheson speech was his emphasis that the reconstruction of Europe would have to be dealt with as one problem. He stressed the interrelation of food and freedom. "The war," he said, "will not be over until the people of the world can again feed and clothe themselves and face the future with some degree of confidence." He then went on to offer a balance sheet of our past relief efforts and pointed out that further, more comprehensive financing would be necessary. Such use of our economic and financial resources would help preserve our own freedoms and democratic institutions because it would contribute to the security of our nation to widen the economic margins on which human dignity and free institutions abroad were struggling to survive.

Acheson's speech did not receive the attention it deserved at the time, although it contained the beginning of the proposal later made at Harvard by Secretary Marshall. On June 5, 1947, the Secretary of State outlined to a commencement audience a course of action for the United States in dealing with the European crisis.

This was a speech that was typical of the man. It was matter-of-fact and without oratorical flourishes, compact and to the point, and the
Secretary began it with a brief review of the economic condition of Europe.

Then he went on to set out a course of action: “It is logical,” he said, “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 a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance 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 . . . 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.”

Then came the key section of the plan: “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 requirement of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by the 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 and of later support of such a program so far as it may be practical for us to do so.”

This was our proposal, that the countries of Europe agree on a cooperative plan in order to utilize the full productive resources of the continent, supported by whatever material assistance we could render to make the plan successful.

I had referred to the idea as the "Marshall Plan" when it was discussed in staff meetings, because I wanted General Marshall to get full credit for his brilliant contributions to the measure which he helped formulate. And it was Marshall who had envisioned the full scope of this approach. He had perceived the inspirational as well as the economic value of the proposal. History, rightly, will always associate his name with this program, which helped save Europe from economic disaster and lifted it from the shadow of enslavement by Russian Communism. Almost immediately following his enunciation of the idea in his Harvard speech, the term “Marshall Plan” became commonplace in the press and radio of the United States and other countries around the world, and I was glad to see his name identified with the plan. I believe the fact that a man of Marshall’s world standing made the proposal of this policy helped greatly in its eventual adoption. He was one of the very few men in the government who had stayed in intimate contact with the day-by-day developments of this country’s wartime operations in both hemispheres. Both as military strategist and diplomat, he was known and respected abroad as few men have been in the history of the United States. And at home he enjoyed the confidence and esteem of the average citizen regardless of political preferences, as well as the admiration of congressional leaders. Marshall’s entire personality inspired confidence. I recall the worried months of early 1944, just before the Normandy invasion. There were many men in the Congress who harbored doubts and misgivings about the cross-Channel attack that was then generally expected, but General Marshall came to Capitol Hill and spoke to about four hundred and fifty of us members of Congress, and his quiet, determined manner, his complete command of all the facts of the situation quieted whatever fears anyone may have had. Most notably, too, everyone present respected the secrecy which the general asked us to observe. This was typical of the manner in which the man affected those who knew him. It is not surprising that all his recent detractors are men who never knew the measure of responsibility that was Marshall’s, nor the manner in which he discharged that responsibility.

His many years in wartime Washington had endowed Marshall with a thorough knowledge and appreciation of the role of Congress. As head of the vast Army of World War II, he had dealt with administrative problems of unprecedented magnitude. These experiences proved invaluable when he addressed himself to the practical implementation of the plan which his Harvard University speech had set in motion.

The response to Marshall’s speech was immediate, electrifying the free world. Ernest Bevin, Great Britain’s Foreign Secretary, assuming the lead and quickly followed by French Foreign Minister Georges Bidault, informed Secretary Marshall that they were ready to take the kind of initiative he had suggested. Invitations went out from London and Paris to every European nation except Spain for a conference to attempt to draw up a comprehensive recovery program.

Russia’s reaction was also immediate. For a short while it appeared
as if Marshall’s proposal might not only result in economic reconstruction but also in a lifting of the iron curtain. A little surprisingly, Mr. Molotov agreed to come to a preliminary meeting at which Bevin and Bidault proposed to lay out the agenda and procedure for the plenary meeting of the conference. However, Ambassador Bedell Smith correctly advised us from Moscow that Molotov had no intention of taking part in any constructive undertaking. What he was trying to do was to exploit the situation for Russia’s own propaganda purposes. He sought to have Bevin and Bidault ask the United States for a dollar-and-cents figure of the total aid that Europe might expect. Of course the State Department would have been compelled to reply that we could not make a commitment in such a form, and the Soviets could have proclaimed to the world that we were hedging on our proposal. As a French diplomatic observer put it, “The Soviets want to put the United States in a position where it must either shell out dollars before there is a real plan or refuse outright to advance any credits.” French Foreign Minister Bidault told our Ambassador that “Molotov clearly does not wish this business to succeed, but on the other hand his hungry satellites are smacking their lips in expectation of getting some of your money. He is obviously embarrassed.”

Indeed, Czechoslovakia accepted the invitation to the conference and Poland was also evidently eager to participate. In a dramatic move, however, the Kremlin ordered them to withdraw their acceptances, and Molotov departed from Paris with a blast against capitalism and the United States.

Sixteen nations were represented in Paris for the opening of this conference on July 12, 1947: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom. And although Western Germany was not formally represented, its requirements as well as its ability to contribute to any general plan were considered by the conference.

The report of this conference was transmitted to Secretary Marshall on September 22, and two days later the Secretary placed it, and a number of related papers, on my desk for study. The report described the economic situation of Europe and the extent to which the participating countries thought they could solve their problems by individual or joint efforts. After taking into account these recovery efforts, the report then estimated the extent to which the sixteen countries would be able to pay for the imports they had to have.

I now made public a report of the studies by three separate committees which I had named to investigate the state of our own natural resources, as well as the impact on our economy of aid to other countries, and the character and quantities of resources available for aid to foreign countries. I also asked a number of congressional and administration leaders to meet in my office on Monday, September 29, to discuss plans for determining what action we should now take. Those invited to attend were the Secretary and the Under Secretary of State (Robert A. Lovett had succeeded Dean Acheson on July 1), the Secretaries of Agriculture and Commerce, and the following members of Congress: from the Senate, Bridges, Connally, Lucas, Vandenberg, and White; from the House, Arends, Bloom, Eaton, Halleck, Rayburn, and Wolcott.

I informed the congressmen of the details of the report and told them that it appeared that it would require $580,000,000 to take care of immediate European needs until March 31 of the following year, the earliest date on which the proposed plan could be made effective. I asked the chairman of the Senate and House committees on Foreign Relations and Foreign Affairs and on Appropriations to give earnest consideration to the need for speedy aid to western Europe, and we also discussed the possibility of calling Congress back into session to cope with the problem.

On October 1 letters went to the appropriate committee chairmen asking them to consider this a most urgent matter, especially in the light of the steady deterioration of the situation in France and Italy. A special session of Congress was called to meet on November 17. On October 23 I met with the congressional leaders and told them that I had taken this action partly so that Congress might take steps to halt the rising price spiral within our own nation but mostly to meet the crisis in western Europe.

On the following night I delivered a radio talk from the White House. I said that while we were considering a long-range program to aid European recovery, we would have to help some nations through an immediate crisis. “The most imminent danger exists in France and in Italy. If the economies of these countries collapse and the people succumb to totalitarian pressures, there will be no opportunity for them or for us to look forward to their recovery so essential to world peace.”

Speaking in a similar vein when the special session of the Congress convened, I stressed that stopgap aid could be no substitute for a comprehensive long-range plan but that we needed to extend this immediate aid if we did not wish to see the very basis of our program destroyed before it could be put in operation.

On December 19, 1947, I sent a message to Congress setting forth the part the United States should play in a comprehensive plan for the recovery of Europe.
"In developing this program, certain basic considerations have been kept in mind:

"First, the program is designed to make genuine recovery possible within a definite period of time, and not merely to continue relief indefinitely.

"Second, the program is designed to insure that the funds and goods which we furnish will be used most effectively for European recovery.

"Third, the program is designed to minimize the financial cost to the United States, but at the same time to avoid imposing on the European countries crushing financial burdens which they could not carry in the long run.

"Fourth, the program is designed with due regard for conserving the physical resources of the United States and minimizing the impact on our economy of furnishing aid to Europe.

"Fifth, the program is designed to be consistent with other international relationships and responsibilities of the United States.

"Sixth, the administration of the program is designed to carry out wisely and efficiently this great enterprise of our foreign policy."

This whole thing was to be done, I advised the Congress, in the expectation that European recovery could be substantially completed in about four years. The total cost over the four years had been calculated at $17,000,000,000. I asked the Congress to authorize the appropriation of this amount and to provide $6,800,000,000 of this amount by April 1, 1948, to cover the initial—and most critical—period of fifteen months, to June 30, 1949.

Seventeen billion dollars sounded like a huge sum, and of course it was. But compared to the financial cost alone of World War II, it seemed small. The money to be invested in the rebuilding of decent standards of living in Europe would amount to only five per cent of the sums we had expended to defeat the Axis. It would represent less than three per cent of our total national income during the time that the program would be in effect. The estimates of the experts showed that it was well within the capacity of the American people to undertake.

I had not lost sight of the United Nations and our obligation to it. "Our support of European recovery," I said in my message to Congress, "is in full accord with our support of the United Nations. The success of the United Nations depends upon the independent strength of its members and their determination and ability to adhere to the ideals and principles embodied in the Charter. The purposes of the European recovery program are in complete harmony with the purposes of the Charter—to insure a peaceful world through the joint efforts of free nations. Attempts by any nation to prevent or sabotage European recovery for selfish ends are clearly contrary to these purposes.

"It is not feasible to carry out the recovery program exclusively through the United Nations. Five of the participating countries are not yet members of the United Nations. Furthermore, some European members are not participating in the program. United States support of the European recovery program will enable the free nations of Europe to devote their great energies to the reconstruction of their economies. On this depend the restoration of a decent standard of living for their peoples, the development of a sound world economy and continued support for the ideals of individual liberty and justice . . . ."

"This joint undertaking of the United States and a group of European nations, in devotion to the principles of the United Nations, is proof that free men can effectively join together to defend their free institutions against totalitarian pressures, and to promote better standards of life for all their peoples."

Congress acted on my request as quickly as it was possible for it to act. The lawmakers did not accept the full amount proposed. Three and one half months later, on April 3, 1948, I signed the European Recovery Act passed by Congress. Two days later I announced the appointment of Paul G. Hoffman as Economic Cooperation Administrator with Cabinet rank.

Credit is due to Republican Senator Arthur H. Vandenberg and to Republican Representative Charles A. Eaton, the chairmen, respectively, of the Senate Committee on Foreign Relations and the Committee on Foreign Affairs of the House of Representatives. In a Congress dedicated to tax reduction and the pruning of governmental expenditures, they championed this program in a truly bi-partisan manner. A subsequent Congress changed the administrative structure of the plan and merged it with military assistance programs into a Mutual Security Administration.

The job of economic rehabilitation was successfully accomplished at far less cost than had been anticipated. I had told the congressional leaders that I thought seventeen billions of dollars over a four-year period would do the job of economic rehabilitation successfully. Thirteen billions did it.

The Marshall Plan will go down in history as one of America's greatest contributions to the peace of the world. I think the world now realizes that without the Marshall Plan it would have been difficult for western Europe to remain free from the tyranny of Communism.