the recovery program. Eisenhower's address read like an ECA pamphlet on the benefits in greater growth and permanent peace to be derived from a "workable European federation." It thus articulated ideas that Marshall Planners had done so much to promote, and on which Eisenhower would build in the decade ahead.

**Conclusion**

**America made the European way**

I

"THE AMERICANS want an integrated Europe looking like the United States of America - 'God's own country.'" This assessment, offered by Robert Hall of the British Treasury, sums up the central theme of the preceding chapters. Of course, the "Americans" to whom Hall referred did not include Henry Wallace, Henry Hazlitt, and other critics who accused the Truman administration of leading the nation down the garden path to economic ruin and world war. The Marshall Plan, as these critics understood, was the brainchild of a particular political coalition, the so-called New Deal coalition, which was strong enough to prevail against opponents on the Left and the Right. The outgrowth of underlying changes in the industrial structure and the concomitant political realignment of the 1930s, the New Deal coalition included at its core a bloc of capital-intensive firms and their allies among labor, farm, financial, and professional groups. Its leadership combined the technocorporative formulations of the 1920s with the ideological adaptations of the 1930s in a policy synthesis that envisioned a neo-capitalist reorganization of the American and world systems. It was this synthesis, what I have called the New Deal synthesis, that inspired the Marshall Plan to remake Western Europe in the image of "'God's own country.'"

At the center of the New Deal synthesis was the vision of an integrated Western European economy much like the large internal market that had taken shape in the United States under the Constitution of 1787. An integrated single market promised the benefits that inhered in economies of scale, with the ultimate result being a prosperous and stable European community secure against the dangers of Communist subversion and able to join the United States in a multilateral system of world trade. To achieve this goal, Marshall Planners blended what the preceding chapters call the

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free-traders’ and planners’ approaches. They aimed to reduce barriers to
the free flow of goods, services, and capital, put intra-European trade and
payments on a multilateral basis, and permit natural market mechanisms
to promote a rational integration. But they also sought to organize European
institutions with the power to transcend sovereignties and coordinate pol-
cies so that normal market forces could operate. If led by qualified experts
and civil servants of international status, institutions of this sort could help
to depoliticize divisive issues, discipline the selfish pursuit of national
interests, and weld once rival states into an organic unit of economic and
political power.

Similar benefits would come from re-creating in Western Europe the pat-
terns of corporative collaboration that had become a standard feature of
public administration in the United States, the ECA being a notable example.
By organizing national and transnational networks of power sharing be-
tween private functional groups and between these groups and government
authorities, Marshall Planners hoped to create a framework for integration
while at the same time protecting private enterprise and public order against
the dual dangers of bureaucratic statism and class conflict. With these goals
in mind, they promoted institutional links between the Trade Union Ad-
visory Committee and the OEEC. They encouraged participating govern-
ments to bring trade unionists together with business, agricultural, and
professional leaders in national recovery planning. And through the technical-assistance program, the productivity teams, and the national production
centers, they tried to unite the same groups around a common political and
economic agenda.

The agenda that Marshall Planners had in mind was a shared commitment
to economic growth. The idea of growth made up another component of
the New Deal synthesis. For Marshall Planners, it was both a goal in its
own right and the key to social harmony, to the survival of private-enterprise
capitalism, and to the preservation of political democracy. By focusing on
growth, it seemed possible to widen the area of collaboration and shrink
the area of conflict between ostensibly competing groups, particularly or-
ganized labor and organized capital. And by generating growth, it seemed
possible to avoid the redistributive contests and the excessive expansion of
state power that might otherwise result from economic stagnation and
retrenchment.

Actually generating growth, however, required more than corporative
collaboration between different functional groups or the integration of eco-
omies, the formation of supranational institutions, the liberation of natural
market forces, and the organization of transnational networks. It also re-
quired the modernization of production, the assimilation of American tech-
nical and business acumen, the reform of fiscal and tax policies, and the
willingness of the European business and government elites to raise the
productivity of labor by sharing the benefits of growth more equitably with

the working classes. These requirements, too, were parts of the New Deal
synthesis by which Marshall Planners steered, the keys to a neo-capitalism
in Western Europe similar to the one that supposedly had led to a new era
of economic growth and social stability in the United States. Through Amer-
ican aid, and particularly through the use of counterpart funds, Marshall
Planners tried to undertake industrial modernization projects, promote
Keynesian strategies of aggregate economic management, overhaul anti-
quated systems of public administration, and encourage progressive tax
policies, low-cost housing programs, and other measures of economic and
social reform. Through the production centers and productivity teams, they
sought to build an alliance of labor, business, and professional leaders
behind these reforms. And through the technical-assistance program, of
which the productivity campaign was a part, they hoped to transform dis-
tributive battles into the search for a shared abundance and political prob-
lems into technical ones that were soluble, they said, by adopting American
engineering, production, and marketing techniques and American methods
of labor–management teamwork.

If these and related initiatives would fashion an organic economic order
in Western Europe, one able to pay its way in a multilateral world, the
same initiatives would also help to achieve the political and strategic ob-
jectives of American diplomacy. Economic growth, modest social programs,
and a more equitable distribution of production would immunize partici-
pating countries against Communist subversion while generating the re-
sources and mobilizing the public support necessary to sustain a major
rearmament program. In addition, economic integration, supranational co-
ordinating mechanisms, and transnational patterns of corporative collab-
oration would create an interdependent unit large enough to reconcile
Germany’s recovery with France’s economic and military security. Such a
unit could forge a viable balance of power among the states of Western
Europe, establish a favorable correlation of forces on the Continent, and
play an active role in the global containment of Soviet expansion. It is in
this sense, as the chapters argue, that integration operated as an interlocking
concept in the minds of American policymakers, the link that connected the
economic and strategic goals on their agenda for Western Europe.

As this summary suggests, it would be an error to argue, as Lawrence
Kaplan does, that American leaders merely manipulated the rhetoric of
unification to entangle the United States in the defense of Europe. Kaplan,
whose pioneering work on NATO informs much of this book, is right to
claim that top policymakers had no truck with those who nourished hopes
of immediate political federation among the states of Western Europe. They
viewed these “Europeanists” as dreamers whose enthusiastic eruptions could
play into the hands of isolationists in Congress and nationalists in the

* Kaplan, United States and NATO, 57–8, 63, 78–9, 89.
participating countries, both of whom thought that a unified Western Europe might stand without American props. To Marshall Planners, on the other hand, even a unified Western Europe would be vulnerable to Soviet attack, particularly a Western European third force beyond the protective embrace of American arms. This was reason enough to dampen their ardor for the unificationist movements that shot up like hothouse plants on both sides of the Atlantic, and much the same reason why they dismissed Kennan’s proposal for an all-European union from which the United States and the Soviet Union might withdraw.

But it does not follow from the preceding that policymakers in Washington were less than sincere in their conviction that unification promised the best future for Western Europe. Nor were they less than determined to bring unification about by liberalizing trade and harmonizing economies, coordinating military-production and supply programs, and promoting what even Kaplan calls a “supranational defense plan” and a “genuine military interdependence.” It would be more accurate to say that American leaders viewed European unification as a gradual process that had to begin with limited but realizable plans for a functional integration of economic and defense systems. In operation, these plans would make participating countries self-supporting, harness the Federal Republic to the cause of European recovery and security, and lay the foundation on which a political federation might then be constructed. Given this view, the ECA paid perfunctory attention to blueprints that would erect the superstructure of a federal system before the foundation had been finished. Policymakers in that agency concentrated on an economic integration of Western Europe, although in this case as well, European schemes rivaled American designs, so that the final edifice differed from the one laid out in the Marshall Plan.

II

The Marshall Plan was a success if judged simply as a program to control inflation, revive trade, and restore production. By 1950, inflation had been contained in most of the participating countries, France being a notable exception, and both intra-European and extra-European trade had recovered to levels well above those anticipated at the start of the Marshall Plan. The Korean War undercut these gains and also dashed already faint hopes that participating countries might balance accounts with the Western Hemisphere by the end of the ERP period. This is Imanuel Wexler’s assessment. But it is also true, as Wexler notes, that these were temporary reversals in an established pattern of recovery that would resume in the early 1950s, continue unabated over the next decade, and lead to the restoration of European currency convertibility and the formation of a “free-world” trading system comparable to the one envisioned in the Bretton Woods agreements of 1944.

Something similar can be said of the recovery of Western European production. During the Marshall Plan period, Western Europe’s aggregate gross national product jumped by more than 32 percent, from $120 billion to $159 billion; agricultural production climbed 11 percent above the prewar level, just slightly less than the target set in 1948; and industrial output increased by 40 percent against the same benchmark, greatly exceeding the OEEC’s original projection. As a new generation of European revisionists has reminded us, American Marshall Planners cannot take all of the credit for this remarkable record of success. Alan Milward makes this point in his penetrating economic history of postwar reconstruction. Arguing that the crisis of 1947 was not a crisis of production but a payments crisis brought on by the speed at which production had revived, Milward concludes that Marshall aid merely enabled participating countries to cover deficits with the dollar area and thus continue the recovery that had begun earlier.

Charles Maier constructs a different version of the same argument. Repeating a point noted earlier in this text, he concludes that local resources accounted for 80–90 percent of capital formation in the major European economies during the first two years of the Marshall Plan. The American contribution was marginal, measured in quantitative terms, and actually declined in the years after 1949.

Although this sort of revisionism is a healthy corrective to earlier American paean to the Marshall Plan, it succeeds through a feat of analytical legerdemain that denigrates the American contribution and leads to conclusions almost as unbalanced as those it seeks to refute. The payments crisis, after all, portended a serious crisis in production that would come with the collapse of critical dollar imports. Signs of this were apparent early in 1947, and it is impossible to get around them by arguing, as Milward does, that most participating countries might have managed their balance of payments and achieved sustained rates of growth by simply limiting imports to capital goods. This option was not available to the fragile coalitions that presided over many of the participating countries, none of which could retreat from already low levels of consumption and hope to survive. Marshall aid enabled these coalitions to operate within a range of political choice that precluded vigorously deflationary policies, promised higher living standards, and thus closed the door to extremist elements on the Left and the Right. To put it in a way that balances contemporary European

5 Ibid., 250–1.
6 Milward, Reconstruction of Western Europe, 465–6.
8 Milward, Reconstruction of Western Europe, 466, 469–70.
Conclusion

Revisionism against the encomiums of an earlier day, the Marshall Plan provided what Stephen A. Schuker calls the “crucial margin” that made European self-help possible. It facilitated essential imports, eased production bottlenecks, encouraged higher rates of capital formation, and helped to suppress inflation, all of which led to gains in productivity, to improvements in trade, and to an era of social peace and prosperity more durable than any other in modern European history.

The same judgment, one that weighs American initiative against European self-help, applies to other aspects of the recovery program as well. There is little doubt that the Marshall Plan helped to modernize budgetary systems in Western Europe or that it encouraged the spread of indicative economic planning, the rationalization of production, the development of corporate patterns of public–private power sharing, and the conviction that economic growth was the way to ameliorate social divisions. These had been American goals from the start. They were parts of the New Deal synthesis and were pursued with particular vigor through the technical-assistance program, the productivity teams, and the national production centers that Marshall aid helped to establish.

Because of the emphasis on self-help, however, and because the ECA’s leverage was less than absolute, the new era that dawned in Western Europe was neither solely the result of American initiative nor fully in line with American thinking. During the course of this century, virtually all of the participating countries had begun to move from the liberal economic order of a bygone day toward what some have called a mixed economic system, others an organized capitalism, still others a corporative political economy. Industry had begun to organize and adopt scientific management techniques. Labor had shown a willingness to abandon redistributive political prescriptions for a labor–management partnership that tied wage gains to productivity rates. Government had assumed new responsibilities for coordinating national economic policy, stimulating growth, and performing other tasks once entrusted to private initiative and automatic market regulators. The Second World War accelerated these transformations, as did the nationalizations of the early postwar period, although neither development displaced the private sector, which remained largely intact, nor fully erased all elements of the liberal ideology. The outcome instead was a European synthesis somewhat similar to its New Deal counterpart.

France provides a good example of this outcome. The rapid defeat of 1940 convinced important public and private elites that the nation’s long-term economic decline had to be reversed. They blamed this decline for France’s defeat and saw a program of modernization as the only way for the country to redeem itself, deal on favorable terms with the Germans, retain its status as a major European power, and avoid the internecine social divisions of the interwar period. Both Vichy and the Resistance promoted this notion, just as they elaborated somewhat overlapping economic agendas that anticipated the modernization strategies of the postwar era. Although Vichy’s ideology celebrated the virtues of a limited state, of capitalist hegemony, and of economic decentralization and rugged individualism, in practice Pétain’s regime added weight to the government’s economic authority, institutionalized collaboration between industry and the state, and pioneered in measures of social welfare. These developments dovetailed in many ways with the thinking of the Resistance leaders, particularly with their conviction that social democracy depended on economic modernization, which in turn depended on centralized planning, more aggressive state direction, and a greater degree of collaboration between the public and private sectors.

In charting a course to modernization, Vichy and the Resistance also drew much of their inspiration from abroad. Vichyites were thrown into close contact with the Germans, from whom they learned the benefits of industrial organization, central direction, and close collaboration between industry and the state. The Resistance drew similar lessons from the wartime mobilizations in Britain and America. Georges Boris, Pierre Méndez-France, Robert Marjolin, and Jean Monnet, to name a few, spent all or part of the war years in London or Washington, where they imbibed the Anglo-American faith in the healing power of productivity and studied Anglo-American methods of controlling inflation, mobilizing investment, organizing production, analyzing data, and forecasting economic trends. Monnet later recruited Robert Nathan, a former wartime planner in Washington, to help draft the French modernization plan of 1946 and outline the organizational arrangements that would characterize economic planning in the Fourth Republic.

This summary is not intended to deny the important ideological and political differences between Vichy and the Resistance, nor those between the Communists, Socialists, Catholics, and Gaullists during the Libération and the early years of the Fourth Republic. It is intended instead to highlight common denominators; the common commitment to a productionist ideology, to the positive use of state power, and to the benefits of industrial organization, indicative planning, and public–private collaboration—all of which were seen as keys to economic modernization and growth. These

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common denominators operated like sluice gates to channel public policy toward a neo-liberal reorganization of the French economy, just as differences between the parties dammed up other possibilities.

Economic planning is a case in point. The differences in this case were those between Mendes-France and Monnet. Mendes-France and other Socialists envisioned a mixed economy of public and private sectors, but one geared to a comprehensive plan drawn up by a central state planning authority and used to promote both modernization and socialism. Catholics and Gaullists were not inclined to centralize planning in the state or to give it a socialist content. Nor were government ministries anxious to see their prerogatives sacrificed to a planning commissariat. These opponents combined to defeat Mendes-France in 1945, but not the notion of planning, which was resuscitated within a year by Monnet and his colleagues. Monnet succeeded where Mendes-France had failed precisely because he conceptualized planning in a way that proved acceptable to all of the parties involved. He delimited the planners' role so as to protect established ministries, brought public and private elites together in the planning process, limited the scope of planning, and linked it to the goals of modernization and growth, which even the Socialists saw as preconditions to political reform and social democracy.  

Many of the same themes recapitulated themselves when it came to the nationalization of industry, to cite one last example. The parties of the Left, notably the Socialists, saw nationalization as the first step toward a socialist overhaul. They envisioned a vast public sector and wanted public enterprises held accountable to syndicates representing government, business, and labor. The Catholics saw nationalization as the exception to the rule of private-enterprise capitalism. They aimed to limit the number of industries nationalized and guard the managers of these firms against intrusions by both the state and the trade unions. The Gaullists took a similar position, although they were more inclined to see nationalized industries as institutions of state power responsible to the dictates of technocrats in the public ministries rather than to the rule of autonomous managers or corporative syndicates.

These differences were substantial, but running through the debate were lines of agreement that made progress possible. All sides saw nationalization as a way to punish the big-business collaborators of the Vichy period, to bust the trusts that corrupted politics in the Third Republic, to overcome the Malthusian outlook that dominated much of the business community in the prewar period, and to set the stage for a new era of economic modernization and growth. The commitment to modernization was the most salient plank in the platform of all three parties, with the Socialists again giving it priority over a socialist reconstruction of the French economy.  

Because of this, and because none of the parties had a mandate, the program drawn up followed lines that overlapped their respective agendas. Nationalization went further than the Catholics and the Gaullists would have liked, but not nearly so far as the Socialists had hoped, while the arrangements for managing the nationalized industries tended to amalgamate the technocratic, statist, and syndicalist prescriptions urged by Catholics, Gaullists, and Socialists, respectively.  

In France, then, political compromise and common lines of thinking led neither to the economic liberalism of the past nor to a statism of the Left or Right, but to a mixed economic system that had much in common with the neo-liberal synthesis developed in America. Nor was France the only participating country to move in this direction. The war and postwar emergencies accelerated similar trends in Britain. As we have seen, British policymakers won labor's support for voluntary wage restraints, negotiated industry's compliance with government production plans, and brought labor and industry representatives together in such agencies as the National Production Advisory Council and the National Joint Advisory Board. A similar system eventually took shape in Italy and West Germany, a system, that is, in which economic planning and more assertive state direction reinforced normal market regulators, organized concerts of group action supplemented private initiative, and traditional political forums lost ground both to administrative agencies and to corporative networks of public–private power sharing.  

The Marshall Plan reinforced these similarities; it neither invented them nor prevented European elites from tailoring American initiatives to their own specifications when they diverged from the New Deal synthesis. In Italy, for example, the technical-assistance and productivity programs were reformulated to square with government policies that aimed to suppress inflation, consolidate reserves, and expand trade. In France, they were absorbed into the Monnet Plan for industrial modernization. In West Germany, they accelerated earlier trends toward Taylorism and Fordism in industry. In Britain, they facilitated the Labour government's experiment in socialist planning. In each case, they led to important technological adaptations, to improved engineering and marketing methods, and to the spread of industrial planning, the growth of automation, and the better  

Kuisel, Capitalism and the State in Modern France, 202–7.

13 Kuisel, Capitalism and the State in Modern France, 190–201, 219–46; and Williams, Crisis and Compromise, 26–7.

Maier, "The Politics of Productivity"; Maier, "The Two Postwar Eras and the Con-
was it simply that Keynesian strategies of aggregate internal management
tially to the high rate of productivity that persisted through the 1950s. But
43t>
tailed public spending, curbed consumption, and restrained inflation. In
while wages remained stable and unemployment persisted. In addition, man-
propriated the fruits of greater productivity and governments refused to
overhaul antiquated tax systems. Industry benefitted from public subsidies
these and other countries, France being a good example, profit takers ap-
never took hold in Italy and Germany, where conservative governments
agers retained their previous hegemony over shop-floor issues, codetermi-
proliferated after 1947. Although organized labor practiced what Maier
calls the "politics of productivity," it is also true that divisions in the trade-
nation in Germany notwithstanding, and technocrats from government and
business dominated the corporative mechanisms of economic planning that
proliferated after 1947. Although organized labor practiced what Maier
calls the “politics of productivity,” it is also true that divisions in the trade-
As evident from the persistence of unemployment, not to mention the
restraints on consumption, the low wages, and the maldistribution of wealth,
government and business elites divested the Marshall Plan of its social-
democratic dimensions. In the end, as Pier D'Attorre has said of Italy,
Western Europe was only “half-Americanized.” Much the same assess-
ment pertains to the coordination of national policies, the liberalization of
trade and payments, and the integration of markets. In these areas as well,
American initiatives generally succeeded only to the extent that they ac-
accorded with the interests and aspirations of key participating countries.

It is important to begin this part of our assessment by recalling that

13 Maier, “The Politics of Productivity”; Maier, “The Two Postwar Eras and the Con-
14 tions for Stability in Twentieth-Century Western Europe”; and Maier, “Between
15 Taylorism and Technocracy: European Ideologies and the Vision of Industrial Pro-
17 also Lieberman, Growth of European Mixed Economies, 13, 15, 53, 57, 58, 107–9;
18 Kuisel, Capitalism and the State in Modern France, 248–59; Karl Hardach, The
19 Political Economy of Germany in the Twentieth Century (Berkeley, CA, 1980), 140–
20 85; Pier Paolo D’Attorre, ERP Aid and the Politics of Productivity in Italy during the
21 1950s (Florence, Italy, 1985); Raymond J. Raymond, “The Marshall Plan and Ireland,
22 1947–1952,” in P. J. Drudy, ed., The Irish in America: Emigration, Assimilation, and
23 Impact (Cambridge, England, 1985), 312–16; and James Edward Miller, The United
24 States and Italy, 1940–1950 (Chapel Hill, NC, 1986), 251–66.
25
26 D’Attorre, ERP Aid and the Politics of Productivity in Italy, 37.
27
28 Marshall Planners did not seek a strictly “liberal” reconstruction in Western
Europe, in the sense that Milward uses that term. Top officials in the
Treasury Department espoused a free-trade approach to European recovery
and integration, as had William L. Clayton at the start of the Marshall Plan,
and this approach also found support in the Belgian government and the
IMF. But even Treasury officials tempered conviction with realism, as was
revealed in the debates over intra-European payments, whereas those in the
ECA and many in the State Department completely rejected what Hoffman
called a “Hazlitt libertarianism.” Marshall Planners repudiated French
schemes to cartelize the European economy, arguing that such schemes
would stifle competition and prevent the most efficient use of resources. But
they also conceded that institutional regulators were needed to control the
Germans and harmonize national policies so that markets might be inte-
gated. To their way of thinking, as evident in the ECA’s proposals for a
European reserve board and trade commission, the Marshall Plan should
seek to transpose on Western Europe as a whole the sort of mixed economic
system that existed in the United States.

Evaluating the success of this effort is a bit like asking whether the glass
is half empty or half full. The trade and payments agreements of 1948 and
1949 removed some of the barriers that had grown out of the interwar
period. But they did not end the pattern of bilateralism in Western Europe.
The Americans settled for less than they had wanted, in part because of
European opposition but also because the revival of production had top
priority. Once this objective was achieved, the ECA launched a concerted
campaign to adjust European exchange rates, remove import quotas, and
make currencies transferable, out of which came the devaluation of sterling,
the realignment of other European currencies, and the EPU accord of 1950.
The EPU agreement liberalized intra-European payments, lessened the pres-
sure for discrimination, and substantially reduced trade restrictions. Al-
though many restrictions remained and new ones would be added, it
nonetheless put intra-European trade on a multilateral basis, thereby un-
leashing market forces that would drive participating countries toward a
greater degree of integration.

As Milward has noted, moreover, the multilateralization of intra-
European trade, no matter how imperfect, placed limits on the internal and
external policy choices available to participating countries. To this extent,
it promoted the sort of transnational economic coordination that many
Americans saw as one of the keys to a single, integrated market. Participating
governments, to be sure, refused to go as far in this direction as expected
in Washington, where Keynesians in the ECA believed that economic in-
tegration also required the centralization of authority in European institu-

17 Milward, Reconstruction of Western Europe, 10. As Milward uses it, the term “liberal”
is synonymous with “free-trade.”
18 Ibid., 474.
tions with the power to harmonize national policies. Despite the pressure they exerted, both the OEEC and the EPU remained vehicles of intergovernmental cooperation, not supranational institutions, and the post of political conciliator, established in 1950, was devoid of real status and executive authority. This is not to say that American officials scored no gains. They helped to spawn a new class of European civil servants and deserve some credit for the international authority established under the Schuman Plan. In addition, under their prodding, the EPU exerted considerable influence over the economic policies of participating countries, as the German payments crisis makes clear, and thus contributed to what even Milward describes as a "pattern of institutionalized interdependence" in Western Europe. 19

The American drive to liberate market forces, build institutional coordinators, and integrate economies fell short of the mark set at the inception of the Marshall Plan. But if viewed against the pattern of bilateralism that existed in 1947, or from the perspective of the Treaty of Rome concluded a decade later, it seems clear that American recovery policy helped to set the Europeans on a road that led from the economic autarky of the 1930s to the Common Market of the 1960s. Still more might have been accomplished had the Korean War not intervened and had the Europeans been more cooperative. Although Milward exaggerates when he claims that European leaders defeated the integrationist thrust of American diplomacy, they did throw up barriers that forced the ECA to detour down paths different from those originally charted. 20

It should be obvious from the narrative that economic recovery was essentially an avenue over which the main actors in our story maneuvered to protect their economic and strategic interests. Britain and France traveled in the same direction as the United States, but to destinations other than the one mapped out in Washington. The French saw recovery as a highway to hegemony in Western Europe. Reaching this destination depended on modernizing industry under the Monnet Plan and replacing German with French exports in European markets. These gains would shield France against a renascent Reich while at the same time generating an internal growth that could adjourn the redistributive struggles of the interwar period. The success of the Monnet Plan, however, depended on France's recovery taking precedence over that of her former enemy, on guaranteed access to the resources of the Ruhr, and on some measure of French control over Germany's revival and reintegration. These imperatives led the French to resist Anglo-American demands for a higher level of industry in the Allied occupation zones and American pressure to relax the restrictions on German trade, both of which had to follow, not precede, durable guarantees regarding France's economic and military security.

The same imperatives also prompted France's search for an integrated Western European framework in which these guarantees would be institutionalized. This search followed a tortuous course, its pace and direction directly connected to American pressures for Germany's revival and to the squabbles between economic planners and economic liberals in Paris. Despite these differences, however, or perhaps because of them, French diplomacy displayed a discernible continuity when it came to anchoring national security in an institutionalized system of integration. The French proposal for a customs union, and the Fritalux and Finebel proposals that followed, pointed to a European trade zone in which Germany's power would be regulated through cartelistic agreements, selective trade restrictions, and the offsetting power of France and other participating countries. Nothing came of these initiatives. Nor were the French initially able to regulate Germany's development through a supranational institution that they controlled. The Ruhr Authority was too weak to support their ambitions and the Council of Europe, the OEEC, and the North Atlantic Council were never endowed with supranational power. Yet these failures eventually combined with London's obstructionism and pressure from Washington to produce the Schuman Plan, under which the gradual liberalization of trade and the regulation of markets would integrate the French and German economies on terms that ensured France's economic and military security. In this way, the Schuman Plan created an economic framework that stood in lieu of a final peace settlement. It set the stage for a historic rapprochement between ancient enemies and led to West Germany's reintegration into Western Europe.

Although the Schuman Plan looked to an integrated Europe smaller than the Americans had envisioned at the start of the ERP, neither this nor the fact that it was a French initiative should belittle the American contribution or conceal the similarity between French and American thinking. It is inaccurate to argue, as Milward does, that Schuman's plan amounted to a repudiation of American policy. 21 After all, American leaders had always seen a "nuclear" Europe as one step toward a wider, more thorough integration of the kind that began to take shape with the Treaty of Rome. Their decision to exempt Great Britain from the process of integration and demands for Germany's revival had combined to prompt the French initiative. And through their aid to Western Europe and support for an integrated market, not to mention their last-minute intervention in the Franco-German negotiations, the Americans had played a part in creating the conditions under which the Schuman Plan could succeed. None of these assertions is intended to grasp all of the credit for American Marshall Planners, only to

19 Ibid.
20 Ibid., 476.
21 Ibid., 475–6.
well desert them. Still worse, once such a union was consummated it would be difficult for the British to annul, even if their European partner succumbed to the ravaging embrace of a suitor from the East. So coupling with the Continent was out of the question, although a liaison of sorts was possible provided the other ERP countries followed an “empirical” approach that enabled the British to fend off improper advances.

Guided by this approach, the British insisted on intergovernmental collaboration, not supranationalism, and sought to shield the sterling area and the welfare state against the integrating powers of the market. They demanded special consideration for sterling in the intra-European payments negotiations, undermined French efforts to strengthen the Council of Europe, and raised one obstacle after another to American plans to endow the OEEC with the authority to coordinate national economies. Anglo-American differences came to a head during the second sterling crisis of 1949, when American pressure to liberalize intra-European trade, create a European monetary union, and devalue currencies prompted British threats of a closed sterling bloc that would wreck the chances for an integrated Western Europe and a multilateral system of world trade.

Yet the sterling crisis also led in short order to a major reformulation of American policy. Coinciding as it did with an economic recession in the United States, the crisis alerted the State Department and the ECA to the connection between Britain’s recovery and fluctuations in the American business cycle. At the same time, the defeat of the nationalist regime in China and the spread of revolutionary insurgency in Southeast Asia made Kennan and others more aware of how economic dislocations in the sterling bloc might endanger the geopolitical aspirations of the United States in areas of the world outside of Western Europe. These considerations, together with similar thinking in London, laid the basis for an Anglo-American understanding negotiated first at the Washington Conference of 1949 and then in the EPU accord of 1950. The Americans agreed to support the pound as an international reserve and to exempt Great Britain from the process of European integration. The British agreed to devalue the pound, renew their commitment to the principles of multilateralism, and thereby avert a dangerous division of the nonruble world into sterling and dollar blocs.

The reformulation of American policy grew as much out of European considerations as it did out of concerns over the strategic value of the sterling area. As Kennan pointed out in the great integration debate of 1949, the British had been a persistent obstacle to a Western European integration that could control the Germans and contain the Soviets. Recognizing the principle of British exceptionalism removed this obstacle. It put the burden of European integration and German reintegration on the French. But it also gave the French greater incentive to rapprochement with the Germans and permitted faster progress toward a more coherent integration than would have been possible with British participation. One result was a Eu-
The preceding summary puts the conclusions of Joyce and Gabriel Kolko and other New Left historians in proper perspective. Although the Marshall Plan projected American power into Western Europe on a scale far greater than ever before, it did so to protect what policymakers in Washington regarded as important economic and strategic assets and in a way that was far less heavy-handed than the concurrent interventions in Greece or the subsequent interventions in Central America, Southeast Asia, and other parts of the globe. In these interventions, the United States often slighted indigenous economic and political problems, relied primarily on military solutions, and acted more or less unilaterally. By comparison, the Marshall Plan amounted to a reasonable defense of American interests, one in which the means used were largely positive, largely scaled to the interests involved, and largely applied in collaboration with reliable local elites.

Indeed, American interests coincided to a high degree with how the Europeans defined their own interests. Policymakers on both sides saw the
need to rehabilitate the European economies, stabilize political systems, and discourage Communist aggression. Bevin and Bidault took the initiative in responding to Marshall’s speech at Harvard University in June 1947. They joined other European leaders to draft a recovery plan, issued what amounted to an invitation to intervention by the United States, and then collaborated with their American and European colleagues in the transnational system of elite management that arose from the Marshall Plan and NATO. Viewed in this light, the outcome came closer to what Geir Lundestad calls “empire by invitation” and what Maier terms “consensual American hegemony” than it does to the naked imperialism described by some New Left writers — and not simply because the Europeans invited American aid but also because the Marshall Plan tended to butress an established pattern of European politics. As European revisionists have argued, for example, it is probably the case that American aid did not fundamentally alter the political fortunes in countries like France and Italy. Communist parties, though large, would have remained minority factions outweighed by “centrist” coalitions at once too conservative for the Communists and too hidebound, statist, or socialist for the Americans.  

In addition, the principle of self-help, to which the Americans generally adhered, gave the Europeans a good deal of control over their own destinies and a good deal of leverage over the Americans. So did the fact that American leaders needed their allies as much as their allies needed them. The British capitalized on this mutual dependence, specifically on concerns about the strategic importance of the sterling area, to deflate American pressure for convertible currencies and negotiate a special position for themselves in the ERP. By warning of socialist gains, of a new Rapallo, and of a dangerous nationalism or a resurgent nationalism, the Germans pried support from Washington even while turning their backs on many of the social reforms and Keynesian strategies urged by the ECA. Likewise, the Americans found it difficult to exert too much pressure on the Italian government, pressure for more aggressive industrial development and for housing reform, income redistribution, and social welfare, lest this pressure strengthen the Communists and tilt a precarious political balance in the wrong direction. Much the same was true in France, where local political and economic elites used threats of a Communist resurgence or a Gaullist triumph to deflect American demands for social reform and faster progress on the German front.

By manipulating American dependence and the principle of self-help, participating governments were able to exercise a considerable degree of autonomy within the framework of the ERP. Recovery continued in the years ahead, as did American aid of a largely military nature, so that Western Europe was able to enter the multilateral world envisioned at Bretton Woods.Measured against this and other gains — against the resolution of the German problem, the containment of Soviet expansion, the stabilization of politics, the revival of production, and the progress made toward industrial reorganization and economic integration — the Marshall Plan must be judged as one of the most successful peacetime foreign policies launched by the United States in this century. But participating countries were not clay in the hands of American potters, these impressive gains notwithstanding. They resisted the social-democratic elements in the New Deal synthesis, adapted other elements to their own needs and traditions, and thus retained much of their original form. In the beginning, the Marshall Plan had aimed to remake Europe in an American mode. In the end, America was made the European way.

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