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The Marshall Plan



After the Second World War, many parts of Europe were in ruins. Germany was at the centre of a fierce struggle between 'East' and 'West' over the continent's political orientation and future. The country was divided into four occupation zones and Berlin into four sectors.

By January 1947 the American and British occupation zones were combined into a Bizone. In June, the US, Great Britain and France agreed to economically consolidate their three occupation zones by introducing a new currency. In protest, the Kremlin imposed an economic blockade on West Berlin. The British and Americans promptly launched a massive airlift operation to feed the inhabitants of the city's Western sectors.



Militarily, the advantage of Soviet forces stationed in Europe was offset by America's monopoly over nuclear weapons. But the West was concerned about the ideological power of the USSR and its growing influence in Greece and Turkey. US President Harry Truman launched an ideological counteroffensive in March 1947, informing US Congress that it was America's job to 'support free peoples' against 'attempted subjugation by armed minorities or by outside pressures'. The accompanying information campaign was meant to culturally contain Soviet influence on West European parties and governments.

In June 1947, US Secretary of State George Marshall outlined his plan to reconstruct Europe's economy. Aid was to be given in the form of food, grants for buying equipment, improvement of transport systems, investment etc. The proposal, adopted in April 1948, was known as the Marshall Plan or the European Recovery Program. The US administration wanted economic recovery and political stabilization in Europe, including the United Kingdom, France and Italy, which faced financial hardship after the Second World War.

France organised a conference to discuss the Marshall Plan, inviting the representatives of several East European countries, including the USSR, Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia. The Kremlin, however, rejected the proposed plan as an 'intrusion into the internal affairs of sovereign countries'. Although Poland and Czechoslovakia had initially accepted the American offer, the Soviets forced both these countries as well as Albania, Bulgaria, Yugoslavia, Romania, Hungary and Finland to refuse US aid.

On 22 September 1947, the Committee of European Economic Co-operation presented a draft reconstruction plan to the Americans. After several months of debate, on 2 April 1948 US Congress approved \$6.8 billion in credit to cover the first 15 months and promised further aid instalments in the future. The Soviet news agency TASS commented harshly that the programme's beneficiaries had given in to 'American imperialists', who would lead the world to disaster.

The 16 European countries taking part in Marshall's European Recovery Program formed the Organization for European Economic Co-operation (OECD). During more than four years of Marshall Plan funding, these countries received \$13.2 billion in American aid, partly in the form of credit. As a result of the European Recovery Program, by 1952 industrial production had exceeded pre-war levels in all the participating countries except for divided Germany.

The Marshall Plan accelerated the start of the Cold War and the political division of Europe. The US and West European governments drew significantly closer economically and politically and there was increasing talk of the unification of Western Europe. The Soviet Union responded by establishing the less effective Council for Mutual Economic Assistance (Comecon) in Eastern Europe. In April 1949, the US-British Bizone together with the French occupation zone were transformed into a Trizone. After the USSR lifted its blockade on West Berlin in May 1949, the Federal Republic of Germany was founded. The German Democratic Republic was established that October, and was governed by the Socialist Unity Party of Germany. Germany remained a divided country until the end of the Cold War (1989/90).



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References: