

CITIZEN DIPLOMATS AND THE MARSHALL PLAN

McGlade Talk

Imagine you have just finished college, and unlike many of your friends, you were lucky enough to get a job with a major corporation. To find such a job is truly remarkable as the US economy, after a robust period of growth, is inexplicably sinking and sinking fast. The sharp slide of economic conditions were predicted by some economists who warned of severe job shortages but conversely others had promoted upward trends, especially in consumer spending despite growing business concerns over escalating oil prices as well as the persistence of high-level security challenges worldwide.

Also, after nearly a decade of spending billions of dollars on waging a two-front war and foreign military aid, the US government now faced the highest budget deficits in its history. A stagnating housing market plus shrinking industrial markets also added to looming recession conditions, made even worse by a rapidly plunging stock market down 25% in less than nine months. Alarmed, businesses, strapped for cash as lending markets and investment tightened, began laying off thousands of workers resulting in double-digit unemployment across America – all of this happening as you are finishing college. The only hope in the minds of many policymakers is to re-ignite the American economy with even more government spending despite the dangers of long-term budget deficits.

Sound familiar? Think I am talking about today? Well, think again. This was the difficult situation that Americans faced in 1947 – a swift comedown from the euphoria that most citizens felt at the end of World War II. After the desperate era of the Great

Depression and the social sacrifices of World War II, many Americans believed in the postwar promise that real peace and prosperity would finally come to all, not only in America but around the world. And yet in two short years, the United States had fallen into a recession shaped by growing joblessness and homelessness – conditions Americans had faced before the nation slid into a depression. And such perils were even more apparent in other parts of the world, especially in war-torn and developing countries already plagued by high levels of unemployment, social dislocation, and failing business conditions.

So whether you are a young college graduate in 1947 or 2009, you must feel very lucky right to have a job and will do everything you can to hold on to it. You want to start living the American dream – get married, buy a home, have children – the path to success that we all expect our lives will take. So you go to work, eager to do your best and with a clear plan for your future. Sounds great right? Nothing can change your destiny right?

Well, wonder if your boss called you in his office (and in 1947 it more than likely was a he than a she) and told you that you were going first to Washington DC and then overseas to work for at least one year in a country which had been devastated by war, a foreign land where you knew no one, could not speak the language nor learn it easily, and would live in the midst of desperate, sometimes dangerous conditions. To make matters worse, you would have to take a 45% cut in pay but as your boss told you in the same manner that he had been told by a company top executive when told he first reacted against losing

his best new employee for a year, “OK, go home and try to live with yourself” (a statement actually by U.S. automaker turned Marshall Plan administrator Paul Hoffman in 1948).

What consequences triggered such a dire set of requests and reactions? How would you respond if your new boss asked you to take up such a difficult assignment? Well, right after the war, a Princeton University graduate named James Carey Warren faced that same decision, along with so many other young executive men and women, as the US State Department began looking for “citizen diplomats” to carry out the biggest and most ambitious foreign aid package in American history, the European Recovery Program or as it became known, the Marshall Plan. Named after its founder, Secretary of State George C. Marshall, the Marshall Plan would extend 13 billion dollars in economic and business aid over a four year period from 1948-1952 to sixteen countries in Western Europe as well Germany, Japan, Turkey and Greece. Today, we are accustomed to US foreign aid expenditures in the billions of dollars that bolster countries in economic need all over the world.

But in 1947, the thought of extending in one package more aid than the United States had sent overseas cumulative in all previous war recovery programs since the beginning of the 19th c., was beyond daunting – it was unprecedented and with no models or assurances for success – a bold, risky gamble at a time when most Americans, and their congressional representatives were focused on domestic recovery and expansion, not European woes. Also, the United States had already shipped from July 1941 to June

1947, over 50 million metric tons of food and relief shipments valued at \$10 billion to its war-ravaged allies through such agencies as Lend-Lease, the War Relief Control Board, the Foreign Economic Administration (FEA), the Advisory Committee on Voluntary Foreign Aid, and the United Nations Relief and Reconstruction Aid Administration (UNRRA). Rightly so, most Americans assumed that, after 1945, European governments should replace UNRRA relief with national recovery plans and spending.

And at first, Europe looked like it would recover on its own. By 1946, many European countries had re-started domestic manufacturing and had achieved pre-1939 levels of industrial activity. However, European industries began to slump in 1947 as a series of production downturns occurred, largely due to a lack of coal and steel. Also, European agricultural yields, which had managed an 80% return to prewar levels, fell off by 20-30% due to adverse climate and planting conditions. Central to the health and welfare of European citizens, the precipitous fall-off in agricultural production particularly worried officials on both sides of the Atlantic.

Just to give you a sense of European desperation, agricultural recovery had been almost fully impeded as essential transportation and food distribution systems and storage facilities remained destroyed or inaccessible. In France, war damage and dangerous conditions rendered huge areas of agricultural acreage unsuitable or inaccessible for farming. For those farmers who managed to return to their fields, the lack of industrial and reconstruction progress posed a different set of hardships such as nine out of every ten motorized vehicles remained inoperable, virtually all bridges, canals, and ports un-

navigable, and 20% of all buildings destroyed in urban areas. In Italy, farmers faced little hope of transporting their crops with 30% of all railways destroyed and 85% of water shipping services disrupted. In general, farmers throughout Western Europe lacked the equipment, fertilizer and usable water supplies to even engage in production for local let alone regional food markets. When German agricultural production fell to 58% of pre-war levels by 1947 and daily rations were reduced to less than eight hundred calories, American policymakers makers feared a replication of sever food shortage conditions and perhaps starvation conditions in many more European countries in less than two years. With European private consumption far below 1938 levels, and a further 10% compression predicted, Western Europe now seemed incapable of recovery without direct US aid.

Fears that the Soviet Union, which now possessed atomic weapons as of 1946, would try to take advantage of Western European political and economic weaknesses drove American policymakers in the spring of 1947 to re-assess the need for an overseas aid package.

After his return from a frustrating Foreign Ministers meeting in Moscow in April 1947, Secretary of State George C. Marshall, determined to accelerate European recovery efforts, told his aides to “avoid trivia” and draw up a comprehensive aid program. On June 5, General Marshall used the occasion while delivering a graduation speech at Harvard to announce US intentions to directly extend aid to its “recovering allies.” But in 1947, the American group of wartime, now postwar allies still included the Soviet Union along with European nations. Initially it seemed the Soviet Union, which had received sizable amounts of US military aid and equipment during and after World War

II, might try to join a European coalition to receive aid. However, US declarations that the focus of the program would be to stimulate “a return to capitalism,” infuriated Soviet diplomats who, while attending a 16-member European nations summit, walked away from aid negotiations in the summer of 1947. Nevertheless, the European attendees responded positively to the US call for unity and formed the Organization of European Economic Cooperation or OEEC – the historic body that would help oversee Marshall Plan and also the creation of the European Union through the Treaty of Rome in 1957.

With the OEEC in place, the Truman Administration, along a growing number of conservative as well as liberal political, business, labor, news media, religious and academic leaders, launched a vigorous campaign for the Plan’s passage. Spearheaded by the Committee for the Marshall Plan, hundreds of supporters gave speeches pleading for Americans to serve as citizen diplomats and “help the starving peoples of Europe” by signing petitions to send to Congress in support of the aid package. By December 1948, the tide of public opinion turned from strong skepticism to clear enthusiasm for the Plan, propelling its final passage, despite the fact it require the largest expenditure of foreign aid in US history at a time of economic struggle and uncertainty at home.

Thus, the pull forward for Americans respond to the humanitarian crises looming in Europe had been stronger than a more convenient pushback to isolationism. More than any other single postwar act, the Marshall Plan also signaled that a new generation of Americans had emerged from World War II – citizens no longer just concerned about only improving conditions at home but throughout the world. As its new head of the

ECA, Paul Hoffman, a former president of Studebaker Motor Car Company, exclaimed upon taking office in the spring of 1948, that the Marshall Plan was “the most generous act of any people, anytime, anywhere, to another people.”

The postwar wave of US internationalism also changed the face of American diplomatic representation as hundreds of individual volunteers responded to first the call of the ECA and then to subsequent US aid agencies such as the Agency for International Development and its Peace Corps programs. As new “citizen diplomats” the Marshall Plan volunteers, women along with men, displayed extraordinary commitment and zeal as they took leave from their companies, to sign on and work for at least one year at a drastic reduction in pay in less than ideal living conditions. As America’s best and the brightest joined the ECA, one British diplomat Sir Ashley Clarke exclaimed, “The quality of personnel provided by the US for this program and their enthusiasm was a most elevating spectacle.” But as the head of the ECA, Studebaker automobile president Paul Hoffman explained, the response of Americans to serve as citizen diplomats:

Started with the Marshall speech. The concept was a noble one. The people wanted to work for something worthwhile and had the idea they could contribute to keeping the world free.... You couldn’t want a better motive than that.

In the end, almost 50,000 Americans applied to work for the ECA with 620 being selected to administer \$750 million in aid programs in its first of four years. Without formal diplomatic training or a blueprint for ground operations, the Marshall Planners

soon found themselves dispersed in unfamiliar and sometimes remote areas as far east as Japan and Turkey and throughout Europe, including West Germany. Despite the fact that they were working in small teams, separated by vast distances and connecting sporadically by phone calls, telegrams or rare regional meetings (what they would have done to experience the current the luxury of quickly connecting through computer and internet networks!), the Marshall Planner citizen diplomats nonetheless established a regular pattern of success in their many disparate communities. The common thread that tied their efforts together was the innovative commitment to build local partnerships and engage in joint decision-making with local officials as a means to start-up and administer Marshall Aid initiatives.

This populist, “citizen to citizen” approach to diplomatic administration proved even more effective as the program completed its initial goal of short-term relief. In its first eighteen months, the Plan had concentrated on procuring and distributing food, goods, and equipment to needy European communities. By 1949, however, it also began to take on a new dimension more reflective of its volunteers’ true expertise, talents and interests – that of spurring local business modernization and community re-development. In this way, the Marshall Plan played a historic role in shifting the overarching goal of US foreign aid away from a pre-war emphasis on short-term relief to long-term world economic re-development.

The ECA program that most exemplifies the impact that Marshall Plan citizen diplomats had on in re-shaping postwar US aid goals was the US Productivity and Technical

Assistance Program or USTA&P. Started as a simple “industries visits” program in 1948, the USTA&P during its seven years, sponsored thousands of American, European and Japanese business executives, labor leaders, engineers, scientists and academics who traveled in teams to compare and assess differences in US and overseas manufacturing, corporate management, business education and training, technologies and technical research capabilities. Hosts of American companies, farms, factories, universities and government agencies welcomed the foreign teams, which in turn, issued reports that resulted in requests for ECA funds to bring US business consultants, modern equipment, educational programs, and other kinds of management support to their local firms, colleges, and communities.

As USTA&P organizer James Silberman noted in 1992, the cost of the program was astonishingly low, costing less than \$60 million dollars out of the \$13 billion expended by the ECA, and yet it:

Reached almost every plant in every industry, marketing agency, and agricultural entity in the war-devastated countries ...introducing them to a technology in advance of what they were doing. These programs accelerated the postwar economic recovery in labor productivity in Western Europe industry from its historic level of about 1% to 4% or more. Within individual enterprises, productivity commonly increased by 25 to 50% within a year with little or no investment.

At its end in March 1957, nearly 19,000 European and Japanese executives, technicians, academics, labor leaders and government officials had participated in the USTA&P along with 15,000 US specialists who directly assisted in re-organizing manufacturing and production lines, R&D facilities, university courses, management plans, products and markets, and endless other aspects of helping overseas economies diversify and meet the growing economic and job needs of recovering postwar communities. As economist and historian Barry Eichengreen most recently noted, the divide in pre and postwar European economic history is clear – that of national economies moving irrevocably away from the stagnating, protectionist base of imperialism and heavy industry toward double-digit levels of growth fueled by an accelerating platform of consumer capitalism and economic integration. There is no doubt that in tracing this tremendous shift in, not only the economic arrangement of Europe, but indeed the post-1945 world, the Marshall Plan undeniably served as a premier force.

But aid expenditures was not the sole lever that facilitated the new dynamics of post-1945 world economic re-organization – if that were the case then why not sooner as countries have assisted each other after many wars over time. The difference, I think rested with the contributions of citizen diplomats acting through the Marshall Plan, whether they were an American executive, a European labor leader, a Japanese manufacturer or a Turkish farmer – all individuals dedicated to offering their talents, time and cooperation in service to each other on equal terms and without reservation. For as President Obama has so eloquently reminded us, the essence of US diplomacy was, is and always will be, not about the deployment of American largesse, but the achievement of successful

foreign engagement and problem-solving achieved through acts of mutual respect, ideas sharing, and effective partnership.

As the Marshall Plan demonstrated, this kind of “citizen to citizen” diplomacy, which held the key to success in 1947, still holds that promise today. As Paul Hoffman noted, “The magic was in the Marshall Plan itself” acting as a conduit for thousands if not millions of small diplomatic gestures, discussions, and acts extended over and over in boardrooms, classrooms, laboratories, shops and factories binding together the good graces, fortunes and friendships of so many across two oceans – all working tirelessly for the betterment, not only their families and communities, but the wider world.

This was the committed determination that led a young man like Jim Warren to Turkey through the Marshall Plan where he stayed for two years helping implement the counterpart funding that assisted dozens of Greek citizens re-build their towns, start businesses, and restore their farms. Like so many proud Americans who serve, Jim, remembered his Marshall Plan experiences with great joy long after returning to his civilian life. Up until his death just this past few weeks at the age of 82, Jim Warren remained a passionate advocate for the Greek people he had so long ago helped and kept reminding all of us who had the privilege to know him of the world changing power of citizen diplomacy. What seemed daunting – to leave a comfortable life and face foreign hardships – became an exhilarating experience for Jim and undeniably enriched his life.

So as you contemplate your future, whether it takes you into private industry, the military or the government, consider the impact you will have as a citizen diplomat in engaging with foreign visitors on your journeys at home and throughout the world. Some in this room might be planning take what has been called a “gap year” or semester to travel before graduating and entering your profession – instead of a “gap”, which connotes an interruption in life contribution, make it a time of giving – be a citizen diplomat like Jim and serve needy individuals and communities whether here in the United States or abroad. For the power of citizen diplomacy and its contributions to world betterment, as the Marshall Plan volunteers so long ago experienced, rests simply in your resolve to come forward and help. For it is within the accumulation of all of your good service, along with that of your fellow citizens, that will continue this extraordinary legacy of world improvement for generations to come.