

“Marshall Plan Days”-remarks on the 70th Anniversary of the Marshall Plan, American Embassy’s Marshall Center at the Hotel Talleyrand, Paris, June 1, 2017.

I recently came across a book that said, about those who came to work at the Marshall Plan, “to be young, to be American, to be an aide to Averell Harriman or an aide to one of his aides, was transcendental.” How right he was. I was young and American, 22 and fresh out of Yale, when I arrived in Paris in February 1950 here at Marshall Plan European headquarters known as ECA/OSR—the Economic Cooperation Administration Office of the Special Representative. I have been asked to give you some idea of what it was like to be here 67 years ago.

The Hotel Talleyrand was not as it is today. It was a maze of small cubicles and partitions with wires trailing all over the place. In those cubbyholes sat the senior members of the 600 person staff at OSR, many of them eminent economists. The first Special Representative who headed OSR was Averell Harriman. He was succeeded by Milton Katz who had been his deputy.

Of course, Paris was not the same either. The Communist Party was the largest party with 29% of the seats in the National Assembly (reduced to second place and 16.5% in 1951). France was mired in its war in Indo China (by the end of 1950, the U.S. was paying half the French costs through its military assistance program). Unhappy memories of World War II were all too vivid. I remember walking with a friend’s father who crossed the street to avoid greeting a man he knew well but who had been at Vichy. Governments came and went. Of the 5 Prime Ministers in 1950 and 1951, two were in office twice, and one, Henri Queuille, served for only 10 days in his first term. And on walls all over Paris were anti-American slogans: “Les Américains en Amérique” or “Ami Go Home.” A friend, just beginning work at an American airline, went around with a crew and wherever he found the slogan “Ami Go Home” would add “via Pan American.”

I had been sent to OSR as a trainee and spent the first 10 months going from one office to another learning how the place functioned and working on projects it was felt safe to give me including some with OSR’s vast public information program which churned out films, pamphlets, posters and magazines and held fairs and exhibits in recipient countries. I manned a booth in Brussels for a week. And then 10 months later, on a Friday in early December 1950, I received a telephone call that changed everything.

The Marshall Plan, also known as the European Recovery Program or ERP, was first offered to 22 European countries including the Soviet Union and the Eastern Europeans. The Russians turned it down, as was expected and indeed hoped. All Eastern European countries followed suit with the exception of the Czechs who first accepted but then declined after having been summoned to a meeting in Moscow with Stalin. Among the countries declining was Yugoslavia which brings me back to the Friday call. On the phone was Everett Bellows, the OSR Executive Director. He told me to report to the station on Sunday to join a team going to Yugoslavia for an indeterminate period. I protested that I was happy in Paris and had applied for Navy Officer

Candidate School (the Korean War had started in June). This is not a request, he said, this is an order. So that Sunday I found myself on the Orient Express with a group considerably older and more experienced than I headed for Yugoslavia.

Some books and monographs on the Marshall Plan say that Yugoslavia eventually received Marshall Plan aid. That is not quite correct. Tito never joined the Marshall Plan, but when he was expelled from the Cominform in 1948, and his country subsequently suffered a severe drought, the U.S. government saw an opening and offered food aid. As the Yugoslavs would still not join the Marshall Plan, so no ECA mission could be established, a so-called U. S Special Mission to Yugoslavia was formed, headed by Richard Allen, a former president of the American Red Cross. While in Paris being briefed, one member of the team died of a heart attack. Allen called Bellows and said he needed a body—I suspect he said that any body would do, and I also suspect that Bellows didn't spend a lot of time looking. Hence the telephone call.

While the food aid program to Yugoslavia was strictly speaking not part of the Marshall Plan, it was backstopped out of OSR. One member of the team, drawn from various government departments, was assigned to each Yugoslav republic. I was given Bosnia-Herzegovina. We stopped in Trieste, then under divided military control and where there was a separate ECA office which had arranged for the U. S. army to provide jeeps whose side curtains had been marked "Amerikanska Pomoc Hrana", or American Food Aid, and with the American flag. Our assignment was end use checking. I spent 6 months driving around Bosnia-Herzegovina (where I was not only the only American but also the only westerner) with a government provided interpreter checking on distribution, making sure the food did not end up on the black market or at Communist Party headquarters. Of course, a by-product of the program was that Yugoslavs got used to seeing Americans in jeeps marked with American symbols, and Yugoslav officials got used to working with their American counterparts. It was a natural transition to the next stage of military assistance and the development of a special relationship with Yugoslavia.

I mention this because it is common knowledge that the Schuman Plan led to the European Coal and Steel Community of 6 countries (not including Britain who refused to join) and eventually to the Treaty of Rome and the formation of the European Economic Community and later to the European Union; that the OEEC (formed to coordinate the distribution of Marshall Plan aid) was re-born after the Marshall Plan ended as the OECD); that the European Payments Union led eventually to the European Monetary System; and that all were either direct or indirect consequences of the Marshall Plan. But there were offshoots at the time that are not at all well known, and I happen to have been involved in two of them.

One was the Yugoslav program just described. A second was the Temporary Council Committee (or TCC) of NATO in the fall of 1951. The executive committee of the TCC, who came to be known as the Three Wise Men, were charged with developing a procedure for NATO similar to the OEEC's role in apportioning Marshall Plan aid—a process that led the following year to the Lisbon goals setting the level of each country's force levels. The Three wise men were Harriman (who returned to Paris for this purpose), Jean Monnet and Lord Plowden.

I have never seen this exercise mentioned in any book except Jean Monnet's memoirs in which he devotes 2 pages to it. Harriman ran the U. S. delegation out of the Hotel Talleyrand and staffed it almost entirely with OSR people, including Lincoln Gordon (later Ambassador to Brazil and President of the Johns Hopkins University), Henry J. Tasca (later Ambassador to Greece and Morocco), Col. Charles H Bonesteel (later Commanding General of the 8th Army), and Col. George A. Lincoln (later Head of the Policy Planning staff at the State Department). Meetings were held at the OEEC. Back from Yugoslavia, I was one of two staff aides (the other was Frederic L Chapin, a future two time ambassador) doing what staff aides do—collating papers (including the replies to the detailed questionnaires sent to each NATO member), distributing schedules and being on hand 24 hours a day. But if you're going to do that kind of thing, it might as well be for Averell Harriman and Jean Monnet. And furthermore I had a desk at the Hotel Talleyrand overlooking the Place de la Concorde.

Whenever I have been involved in a discussion of the Marshall Plan, I have found that there are several important aspects that are not well understood. One is that for every dollar in grants or credits received, the recipient country was obligated to deposit an equivalent amount of its currency in a special counterpart account which could be used for infrastructure projects approved by the ECA mission. So in addition to the \$13 billion (\$125.5 billion today) in Marshall Plan dollar loans, credits and technical assistance, an additional \$8.6 billion in counterpart funds were generated. And 5% of these counterpart funds were reserved to pay the administrative costs of ECA saving the American taxpayer those considerable expenses.

A second is the importance of what was known as "the dollar gap." What these 16 countries needed most were dollar credits to buy what they needed. And buy they did: tractors, heavy machinery, farm equipment, drilling equipment, aircraft parts, carbon black, fuel, food, wheat, flour, textiles, cotton, wool. These dollar credits were, of course, used to "Buy American" and hence benefited the American economy at the same time.

And the third is how long the program lasted. It lasted only three and half years. General Marshall's speech was in June 1947, the Europeans met in Paris in July and hammered out a plan—what they needed and how it would be used, the act was signed by President Truman on April 3, 1948, the program got under way in July, and it ended on December 31, 1951—six months earlier than originally planned (it ended a year earlier in Britain, the country which received the most aid). ECA was succeeded by the Mutual Security Administration, or MSA, which basically took over the ECA missions (a process that actually began a few months earlier) and converted them to military assistance missions. Priorities had changed—European recovery was well underway, the Korean War was still on, the Sino-Soviet Pact had been signed, the Soviets had nuclear weapons, and containment of communism was the order of the day.

My days with the Marshall Plan had many lasting personal consequences. For one, a life-long attachment to France. For another, relationships that continued—my first State Department assignment was with the former Deputy Chief of the ECA Mission to France; my Yugoslav experience led to an assignment to the Embassy in Belgrade when George Kennan was Ambassador; when Art Hartman, a friend since his ECA Mission to France days, was selected by

Secretary Kissinger to be Assistant Secretary of State for European Affairs in 1974 (before being appointed Ambassador to France in 1977), he asked me to be his Principal Deputy Assistant Secretary (and when in Paris together we often called on Jean Monnet); and Tony Trabert, as a tennis fanatic I watched win the doubles for the U.S at Roland Garros in 1950, turned up as a seaman in the division on the aircraft carrier on which I was serving as a brand new naval officer in May 1952.

The Marshall Plan began a major transformation not only of Europe but also of America's relationship with the continent. As these remarks should have made plain, it also transformed me.