

## **Lessons for Today from the Marshall Plan**

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**CIPE.ORG Feature Service: Technical Paper Series**

**January 2002**

*"The people of this country are distant from the troubled areas of the earth and it is hard for them to comprehend the plight and consequent reactions of the long-suffering peoples, and the effect of those reactions on their governments in connection with our efforts to promote peace in the world."*

-George C. Marshall  
At Harvard University  
June 5, 1947

The world today is a different place from the world of George Marshall, Harry Truman and Dean Acheson in 1947 when they enlisted the American people in a dramatic program to rebuild a Europe suffering from the ravages of World War II and the imminent threat of a Communist takeover. Theodore White wrote of Europe in those times, "People were hungry; some starved; others stole; most hoarded; everyone cheated." By June 1947, when Marshall had returned from meetings in Russia convinced that the Russians planned to take over Europe, we had already invested over a billion dollars in the United Nations Relief and Rehabilitation Administration, granted a billion and a quarter dollars in direct aid to the French government, provided over half a billion dollars to the U.S. Army to feed starving Germans, and given three and three quarter billion dollars to the United Kingdom. Nevertheless, the European economy was still crippled. Many cities were in rubble, food was rationed and factories lacked power. Perilous times required a new approach if we were to help Europe come back from the brink.

George Marshall's Commencement speech at Harvard laid the foundation for what became probably the most successful humanitarian assistance program ever undertaken by a single nation on behalf of other nations beyond its borders. There were three key points in his history-making speech that are still noteworthy today. First, to succeed in overcoming "hunger, poverty, desperation and chaos," our assistance "should not be on a piece-meal basis as various crises develop," but "should provide a cure rather than a mere palliative." Marshall went on to declare that before our government could act, "there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this government." In conclusion, he called for "understanding of the people of America of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part."

In the fifty years since the Marshall Plan ended, the United States has spent additional billions of dollars in attempts to help developing countries succeed in a competitive world. We have been generous and well meaning beyond measure, but most of the people

in developing countries today still live in poverty with little hope for a better future for their children. To explain why the Marshall Plan accomplished so much and later programs accomplished so little, some analysts point to the differences between the people and cultures in Europe and those in developing countries. They point out that development is different from rebuilding. They talk about the need for "nation-building" in developing countries, which they say outsiders cannot do. Others take the approach that the Marshall Plan was a relatively minor factor in Europe's recovery, and that Europeans accomplished most of the recovery themselves.

Today we are engaged in a new kind of war, and we hear numerous calls for a Marshall Plan for Afghanistan, perhaps also including its neighbors. Before we dismiss these proposals, pointing to our past failures in development and nation building, we should take a closer look to see if there may indeed be lessons from our Marshall Plan experience that might apply in post-Taliban Afghanistan, and elsewhere in the developing world.

For example, in Europe after World War II we were waging a war for minds, just as we are in Afghanistan. We were dealing with deep-felt hostilities that went back for generations, just as we are in Afghanistan. And we had an American citizenry that genuinely wanted to help because we recognized the problem and really believed we could make a difference. Americans are far more skeptical now than then about our ability as outsiders to help developing countries in a meaningful way, but the desire to help others is still a strong part of America's culture today, just as it was fifty years ago.

### **The War for Minds**

The Marshall Plan was very much a war for minds. The enemy's ideology after World War II was international communism, a system based on the premise that a Communist Party elite knew better than the people what was best for the people. We were fighting for the minds of Europeans for whom Communism seemed to offer a solution to problems of poverty and unemployment. Today we are fighting for the minds of those throughout the world who are inclined to support and sympathize with international terrorists. Just as the aim of the Marshall Plan was to "drain the swamps" where communism was drawing support, so we today must "drain the swamps" where international terrorism recruits and draws its support.

In the battle to change minds, one of the most powerful features of the Marshall Plan was its technical assistance program, which brought over 24,000 European leaders to the U.S. On these work/study trips they saw democratic institutions at work effective state and local governments, open universities, voluntary associations, civic societies and religious communities actively engaged in helping neighbors. They came face to face with pluralism at work in a society of empowered citizens and multi-level government. Similar travel/study trips to America, Europe and Japan by Afghanistan's workers and leaders, including their religious leaders and young people, could help to demonstrate that "modernity" is not a threat to their culture and religion. First person contacts and dialogue

will help to break down the mistrust and misunderstanding which the terrorists have exploited, and will bolster support for freedom and tolerance as a way of life.

To the extent that foreign experts are needed to help and advise in Afghanistan, these consultations should be planned to maximize personal contacts and dialogue, rather than simply to produce voluminous reports at minimum cost. What will count most in every new foreign consultation, as was true also in Europe, will be the knowledge and ideas that are actually transplanted to the minds of the people they work with, not the words left in a report on a bookshelf when the foreign expert consultant goes home.

### **Dealing with Competing Power Groups**

The most insightful ingredient of Marshall's Harvard speech was the requirement that the countries of Europe should agree among themselves on solving their own problems. The U.S. was determined not to become embroiled in rivalries between competing nations. France and Germany had been bitter enemies for centuries, for example, but it was vital that all the European nations should work together to solve their common problems. Theodore White, who arrived in Europe to report on the Marshall Plan in 1948, observed, "The Europeans, talking to either American reporters or American officials, were like starving tribesmen jostling each other for a share of the meat."

Consultative decision-making was definitely not their natural inclination, but the European nations did find a way to work together in response to Marshall's speech. Today's Organization for Economic Co-operation and Development (OECD) is a direct descendant of the Organization for European Economic Co-operation (OEEC) which they established in Paris to administer the Marshall Plan. American dollars were dispensed based on a common consensus of all the European claimants worked out in the OEEC under defined goals, objectives and priorities agreed to by the U.S.

Some comparable arrangement would seem to be essential if an economic assistance program includes help for some of Afghanistan's neighbors. Even within Afghanistan itself, it will be important to bring representatives from competing tribal groups together to plan, negotiate and agree among themselves. This process of compromise and cooperation has already begun in the political arena, with the negotiations in Germany to form an interim government made up of representatives from various Afghan tribes and factions. This approach should also be considered in the economic arena, to operate on a co-equal basis with the political structure. Here the prospect of substantial financial assistance contingent on jointly defined goals, objectives, and priorities could significantly encourage and speed up that process.

Unlike the Marshall Plan, there will be multiple donors in Afghanistan, who will have to learn to work together within some form of coordinating group. Regardless of how it is structured, however, that group will be more effective if it can work with a single counterpart Afghan economic development organization. In this way the Afghan people, not outsiders, will have to resolve the differences between major claimants within Afghanistan in the same manner that differences among European nations were resolved

through the OEEC. The Afghan people need to know that the programs put in place are their own. Outsiders may provide resources, support, expertise and oversight, and can insist on transparency and openness in decision making, but Afghans themselves, working together, must size up their problems and set the priorities to meet their own most pressing needs and opportunities.

Creation of a single development agency or ministry on the Afghan side may also bring about more transparency and accountability because a single Afghan agency can be more results focused than the politically accountable operating ministries. Separation between economic and political decision-making can provide a system of checks and balances, which in turn may reduce the opportunities for decisions which enhance personal or factional power and wealth at the expense of the general welfare. In administering any foreign assistance program it is important to remember Lord Acton's warning that power tends to corrupt and absolute power corrupts absolutely. The genius of the Marshall Plan was the creation of the OEEC to avoid placing more economic power in the hands of the same individuals who already had political power and who could have been expected to use that economic power to ensure their political longevity.

### **Workfare Rather than Welfare**

The objective of the Marshall Plan was not to solve the problem of poverty by handouts and welfare systems, but rather to foster successful enterprises which would create productive jobs with a genuine future. Jobs and a strong middle class were key to fighting communism. They were key for Europeans to rebuild from the rubble and offer hope for their youth who were the most susceptible to the message of international communism. The same will be true for the youth in Afghanistan, for whom lack of opportunity and a sense of powerlessness will otherwise provide fertile ground for terrorist recruiting.

Many of the top Marshall Plan executives came from the private sector and tried to structure decisions to favor market based solutions rather than government top-down decisions. They expected to return to the private sector when their job was done, and thus tended to be "task focused" rather than "career focused" in their decision-making. They had a unique management style which produced results and did not bend to the desires of European politicians who wanted to use aid funds for social services instead of economic development.

Furthermore, and contrary to what many may think, the Marshall Plan was not a give-away program. European businesses and citizens had to pay for what they used to rebuild their economies, albeit in their own local currency. These local currency "counterpart" funds were then used to pay the local costs for reconstruction and program administration.

### **Differing Cultures and Belief Systems**

The Marshall Plan's great advantage over later aid programs was that Europeans already had a strong tradition of democracy, pluralism and private enterprise and their youth were not roaming the countryside carrying Kalashnikovs to settle their differences.

Obviously there must be a strong central government and a clear rule of law to provide safety and security for the men, women and children of Afghanistan, but that is outside the scope of this paper. Even when Afghans and foreigners can live and travel in safety, there will still be large cultural differences to deal with and it will be a challenge for aid workers to introduce the principles of modernity in such a way that new practices can be integrated with the local culture. On the other hand, unlike the Marshall Plan, there are many Afghans now living overseas, who know other cultures and have learned to live with modernity. They can be a valuable resource in overcoming cultural mistrust and misunderstandings. Also, as mentioned earlier, overseas work/study travel programs can play a very important role in building confidence and strengthening local initiatives.

It is essential that outsiders respect local cultures and beliefs. It may well be, however, that cultural differences were overemphasized in aid programs after the Marshall Plan, providing a convenient rationale for the deferential way we administered our programs as well as a convenient excuse to explain our lack of results. Under the assistance programs after the Marshall Plan, our aid went through, and was dispensed by, the host government ministries and agencies. This tended to enhance and expand the power of entrenched political bureaucracies and private sector elites. We helped centralize economic power in the political system rather than decentralize it by relying on free market forces and local consensus for decision-making. We promoted growth in and through governments. In our attempts to "see things their way," we made those in power even more powerful.

In a 1994 seminal study of economic and political development around the world, University of Colorado Professor of Economics, John P. Powelson, demonstrated conclusively that regardless of differing cultures and belief systems, there is one underlying characteristic for a prosperous society that is universal throughout the world. Nations that have prospered and offered a better life for their people have been those where, over time, there was a genuine diffusion of power, power earned not bestowed, rather than a centralization of power. This was true irrespective of differences in geography, natural resources, cultures, ethnicity or religion. Where there was diffusion of power there evolved a rule of law, protection of property rights, and economic and religious freedom. Where there was no diffusion of power, the people of those nations continued to be poor and their economies remained underdeveloped. Administrators of foreign aid programs ignore that history at their peril.

## **Conclusion**

Decades of warfare have left Afghanistan with an entire generation of young people with no experience in the workings and requirements of a civil society and an infrastructure that is almost non-existent. Their situation is far worse than in Europe after World War II. The difficulties of the task ahead should not deter us, however, from attempting to learn

from what made the Marshall Plan work and from our failures in later assistance programs.

In Afghanistan we must first assure public safety and we must provide humanitarian assistance to the poor, the sick and the starving. The key to our success, however, will be the establishment of a strong productive middle class so the poor and the youth can have hope for their future. Work/study trips to the U.S., Europe and Japan similar to those under the Marshall Plan can expose Afghan leaders and youth to the modern institutions of a civil society which are key to economic growth and a viable middle class.

The Marshall Plan taught us that an effective assistance program must have local "ownership." It must avoid being viewed as imposed from outside, but at the same time must avoid centralizing economic power in the hands of political operatives. It must have the trust of the people, which requires transparency in decision-making. Creation of an independent Afghan economic development agency or ministry, operating with technical assistance and support from foreign advisors and auditors, will help to resolve internal differences and to separate economic power from political power. An independent free press will be essential in making this agency effective and honest.

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