

THE MARSHALL PLAN / A SPECIAL REPORT**For Germany, Priceless Gift of Pardon**

By Josef Joffe

MUNICH — The Marshall Plan wasn't all smoke and mirrors. But it wasn't much by today's standards. All told, the aid package — grants, loans, real stuff like food and fuel — came to roughly \$13 billion over three years. That was a pittance compared to the hundred billion dollars western Germany has been plowing into eastern Germany annually since reunification in 1990.

And yet the symbolism mattered much more than the substance in a story that ranks among the finest moments in the annals of American diplomacy.

Try to picture what Europe was like in 1947. It was slowly emerging from the worst war in history. Germany was the most hated nation on the planet. Two years before, Hitler's heirs had rightly expected revenge and retribution without end — Versailles cubed, as it were.

But instead, there were the four "Fs": food, fuel, fiber and fertilizer. These generous Americans, enemies only yesterday, were not Greeks bearing gifts, and the psychological impact was phenomenal.

Back at Versailles in 1919, the Germans had been branded like Cain; they alone bore the guilt for World War I. Their lands were amputated, their industries dismantled. They were to pay backbreaking reparations until kingdom come.

And now? Along with the other West Europeans, the Germans were handed the Marshall Plan. In money terms, it wasn't that much. West Germany received only one-tenth of the total — a meager \$19 per capita — as compared to one-fourth for Britain and one-fifth for France.

But the real payoff is still impossible to quantify. What was it worth for a pariah to be suddenly part of the club? What price tag do you attach to respectability and community when you thought that you were off to prison forever?

The Marshall Plan was so much more than the four "Fs." Instead of exacting reparations, as after 1919, it offered precious start-up capital. Instead of imposing a discriminatory regime, it opened the door to rehabilitation. And let's not forget what is always ignored. While extending aid, the Americans not only opened their vast market, but also relentlessly pressed the Europeans to resist their protectionist instincts in favor of freer trade among themselves.

This, too, offers a benign contrast to the aftermath of World War I, when competitive devaluation and rising trade barriers regularly nipped recovery

in the bud. Sadly, it also makes for a not so benign comparison with the post-Cold War period. Economically, Eastern Europe would be far better off today if the EU had been more generous about opening its own markets. Start-up capital is quickly devalued when the beneficiaries can't sell what they make.

If Germany today is an exemplary democracy — the very opposite of the doomed Weimar experiment — we have the Marshall Plan (and of course, NATO) to thank for it. This time, German democracy was associated with prosperity and security, and that made all the difference.

True enough, the United States wasn't all altruism. The Marshall Plan was also conceived as a bulwark against Stalinist expansionism. Especially in Italy and France, with their powerful Communist parties, those clasped hands gracing every crate and bag containing American goodies nicely helped to undercut Stalin's allies in Paris and Rome.

Economically, America was also doing well by doing good. In the war years, the United States had built up the mightiest production machine the world had ever seen. Where would it find customers for its huge surplus unless it provided impoverished Europe with purchasing power?

But in politics, even selfish intentions count for less than the consequences. And in postwar Europe, the economics of the European Recovery Program (ERP) mattered less than the prodigious political payoffs.

Consider French-German reconciliation. Initially, France was obsessed with emasculating German power once and for all. Stalin or not, the French would not even dream of German rearmament. They would have been happy to see West Germany sink to the status of a pastoral economy.

U.S. aid to France, two and a half times bigger than the German share, coaxed the French away from the trap of Versailles and to go easy on reparations and *démontage*. But that was merely a stroke of tactical brilliance. The real genius of the Marshall Plan was its communitarian design.

"If you want our help," the Americans said in so many words, "forget about coming to Washington with your national shopping lists." To be worthy of help, the West Europeans would have to set aside their ancient enmities and agree on supranational arrangements that would tally needs and take care of the distribution.

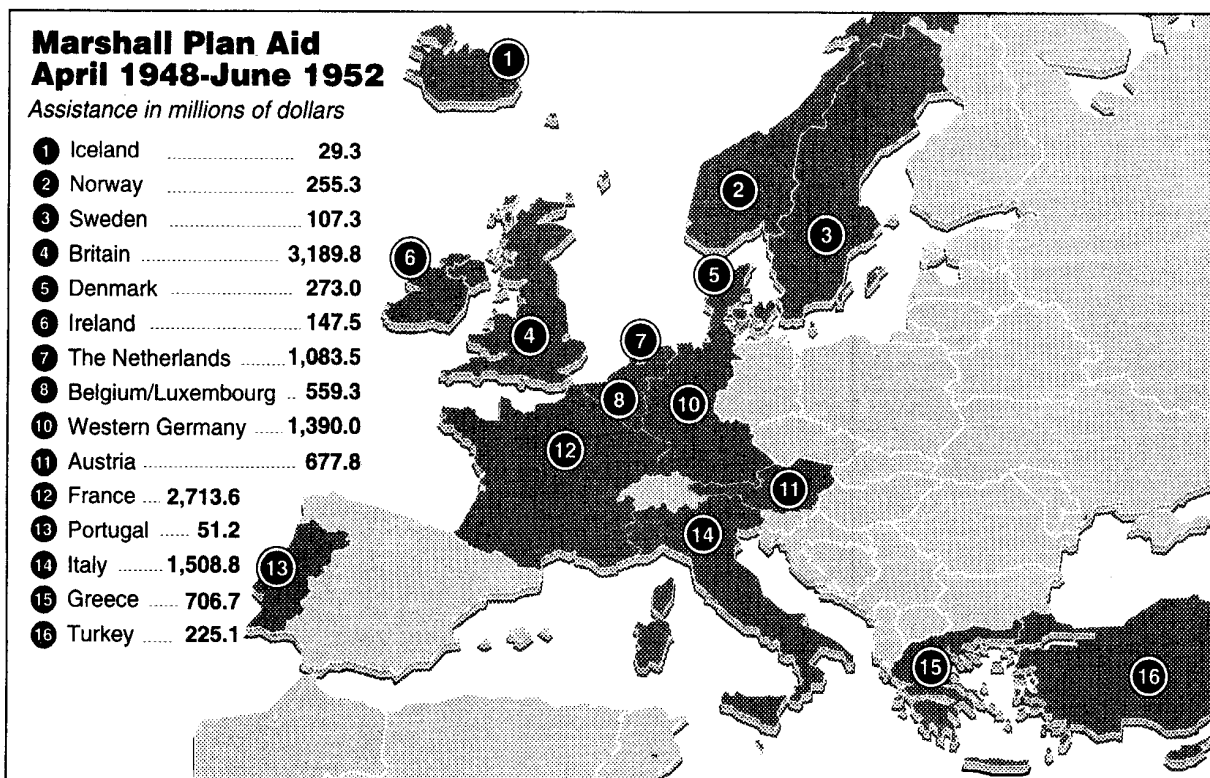
And so, the grand experiment of integration which progressed from the

European Coal and Steel Community to the European Union was born on that historic June 5, 1947, when George C. Marshall proclaimed: It was not America's task to "draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans."

As Helmut Schmidt, the former German chancellor, puts it in the current issue of the Foreign Affairs magazine: "The emerging European Union is one of [America's] greatest achievements: It would never have happened without the Marshall Plan."

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