

MARKETING AMERICA:
PUBLIC CULTURE AND PUBLIC DIPLOMACY
IN THE MARSHALL PLAN ERA, 1947-1954

Amy C. Garrett

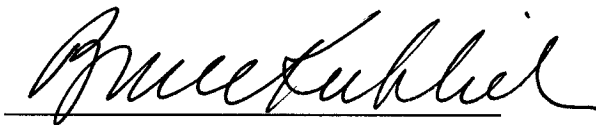
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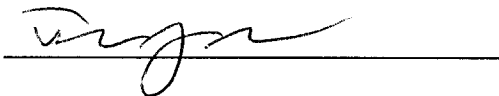
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A handwritten signature in black ink, appearing to read "Bruce Kublied", written over a horizontal line.

Supervisor of Dissertation

A handwritten signature in black ink, appearing to read "W. J. ...", written over a horizontal line.

Graduate Group Chair

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Amy Catherine Garrett

2004

Dedication

This work is dedicated in loving memory to my father, Jerry Dale Garrett, who took me “over there” and then brought me back again. Thank you for opening up the world and always encouraging me to explore it further.

Acknowledgements

It is fitting that this section, the very last thing a Ph.D. candidate usually writes, appears at the beginning of the dissertation for without the unselfish assistance of so many people, few would be capable of actually producing what follows. My studies at Penn were made possible by both professional acquaintances and friends. It is a rare privilege and pleasure to be able to permanently commit to paper the appreciation and gratefulness I have for my mentors, family and friends.

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One of the dangers of graduate life is the tendency to become hermetic, self-absorbed and unaware of the bigger picture. Without the balance my friends and family have provided, whether they know it or not, I would have been a much unhappier person. They have each in their own way reminded me that there is a world beyond the university and this particular project and, by keeping me grounded in it, have enabled me to emerge from this experience a more complete person. Thanks to them, I have been able to continue my personal growth alongside my intellectual pursuits.

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Some say it takes a village to raise a child. Well, I am eternally grateful that in addition to my friends from Philly and New York, I had my own personal global village

at my side as I plodded through the Ph.D. All those “crazy Georgetown people” constantly resurfaced in my life, popping up from all points of the globe in various corners of the globe to catch up, celebrate major occasions, and perpetuate old and very valuable friendships even if it meant squeezing into a tiny apartment. In spite of the geographic obstacles, Lu, Marie (DQ), Nilly, Ulla, Sonia and Leighton never failed to rally for the important moments and all along kept me connected to the wider world. It’s never dull when they are around, and without them my life would be far less colorful. Thanks, Bellies.

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insisting on the existence of the most obscure cultural connections in the world around him (a trait my mother and I mercilessly teased him for), probably had more of an impact than I will ever know. For this, and for having the most loving and generous set of parents, I am eternally grateful.

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ABSTRACT

MARKETING AMERICA: PUBLIC CULTURE AND PUBLIC DIPLOMACY IN THE MARSHALL PLAN ERA, 1947-1954

Amy C. Garrett

Bruce Kuklick

Between 1947 and into the mid 1950s, the foreign assistance agencies of the United States developed an ambitious information program intended to support its foreign policy mission by shaping the every day behavior of average European citizens. This dissertation argues that the rationale behind this program was based on a corporatist vision of a productive political economy driven by consumption that became popular in American leadership circles as the means to combat global communism and support US foreign policy goals in Western Europe. Behind this world view lay a rhetoric of economic abundance its proponents advanced as a non-divisive, universally appealing language they believed would cut across class boundaries to neutralize the draw of socialist arrangements without alienating left-leaning groups whose support the US needed to secure stable European governments. This rhetoric thus dominated the American information efforts that accompanied US assistance to Europe in an effort to encourage the foreign audiences to restructure certain aspects of their economies to secure the abundance US diplomats felt was needed to maintain social peace and political stability. This work also argues that European response to this American project was complicated and was determined not by communist sympathies or level of support for the US as the American diplomats anticipated, but instead by native European issues. In focusing on advertising the merits of increasing productivity and consumption to secure

abundance in Europe, American officials, rather than smoothing potential social divisions, inadvertently stirred deep-seated concerns among certain segments of the European public who feared US suggestions might marginalize their traditional roles and instigate disruptive social and economic change. For example, US efforts to encourage consumption by promoting self-service shopping arrangements to European housewives raised the ire of more traditional male retailers who felt threatened by such US supported market reform. These European responses help reveal the inherent contradictions in US policy and propaganda efforts and contribute to a better understanding of the complex European view of the US in the post WWII era.

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Introduction

On August 30th, 1951, William H. Joyce, Assistant Administrator for Production with the Economic Cooperation Administration (ECA) of the Marshall Plan spoke before the Council on Economic Education at New York University. “We Americans,” he said, “are inheritors and carriers of what is perhaps the most dynamic and revolutionary concept in the annals of mankind.” The key to this essential concept was the “faith that nobody anywhere has a final frozen formula for anything” and that “everything can be made better” since “yesterday’s process can be improved today, and again tomorrow” and “to keep raising the standard of living can itself be a standard of life.” The year 1951 was a pivotal one for the Truman administration. Convinced by now that the Soviet-led global communist movement had made its first steps to global domination by seizing Eastern Europe and then Korea, officials in Washington clung to the adage that the United States was a good and powerful country destined to lead the free world out of this dark hour. Essential to this mission was the US effort to continue its project to revive faltering Western European economies and replicate there the “massive economic miracles” that had sustained the US in the post WWII period.

Despite the fact that Joyce insisted that “it is not the intention of ECA to try and transplant American know-how or American techniques intact and in toto upon the European scene,” in reality, the US mission was still an interventionist one to “urge our friends in Western Europe to look into the advantages of the American approach to productivity” and to “concentrate on transferring from the US whatever parts of our industrial lore and economic methods” that could reform European work habits until the

economies of Western Europe operated according to the received American economic wisdom and conformed to US foreign policy goals.¹ The US plan involved changing everyday working habits, and as such, the Marshall Plan was not merely a policy designed to involve high-level European leaders in reforming European practices, but also what US officials liked to call “the little people” of Europe, the nameless end-users in the economy, the workers and consumers who made things go.² An essential part of the ECA’s work therefore was dedicated to a complicated public diplomacy effort that reached out to European workers, consumers and business owners alike in an attempt to win them over to support the US plan to restructure European production.

This dissertation responds to the calls made by the likes of Akira Iriye and Matthew Connelly who argue that diplomatic history must broaden the conventional study of state-to-state relations by recognizing the power of underlying structures and trends that shape international relations. The production, distribution and consumption methods advanced by the Marshall Plan administration in Europe were themselves part of a global trend and an expression of the transnational forces unleashed by the logic of the capitalist economic system now based on the concept of sustained economic growth attained through standardization and industrial efficiency. Furthermore, ECA’s focus on an information program aimed at winning the allegiances of the European public brought US foreign policy into closer contact with the underlying, basic structures and populators of European society than it ever had before.

¹ Telegram from ECA Washington to London ECA containing text of Joyce speech for use by Information Officers, August 31, 1951, Entry 1423, Box 6, RG 469, U.S. National Archives & Records Administration, College Park, MD. Hereafter cited as NARA, preceded by information pertaining to location, box number and record group.

² This term was frequently used in ECA documents. See, for example, letter to Senator Paul Douglas from Paul R. Porter, Deputy for Economic Affairs, Office of the United States Special Representative in Europe, dated September 5, 1952, Entry 1409, Box 21, RG 469, NARA.

What historians need to do, Iriye argues is “to explore the relationship between transnational forces and international relations, between global trends and local loyalties, between the modern world and the modern state.”³ While a good deal of work has been done on US-European relations in the postwar period and many scholars have tried to assess the degree of cultural influence, or level of ‘Americanization,’ this encounter with US economic power and consumerism had on native European societies and states, few have followed the actual effort of the public diplomacy function of the Marshall Plan administration to reach out directly to the working men and women of Western Europe through the existing structures of European society such as the press, trade unions, consumer cooperatives and other civic organizations. Even fewer have attempted to detail or analyze the nature, origins or underlying motivations of the broader European public response to the Marshall Plan efforts to reform the ways of local players as they went about their daily lives.⁴

Rather than simply outlining the existence of a relationship between US officials, the bearers of the message of the forces of economic efficiency, and the European receivers of this information, this work will attempt to account for the response on the

³ Akira Iriye, in Foreword of David C. Engerman and others, eds., *Staging Growth: Modernization, Development, and the Global Cold War*, (Amherst: University of Massachusetts Press, 2003), xii-xiii. See also Matthew Connelly, *A Diplomatic Revolution: Algeria's Fight for Independence and the Origins of the Post-Cold War Era*, (New York: Oxford University Press, 2002), prologue.

⁴ For a historiographical essay outlining the literature pertaining to cultural transfer see Jessica Gienow-Hecht, “Roundtable: Cultural Transfer or Cultural Imperialism: ‘Americanization in the Cold War,” *Diplomatic History* 24 (Summer 2000): 465-494. Some of the more well-known book-length works exploring the US-European encounter in the 1950s are Richard F. Kuisel, *Seducing the French: The Dilemma of Americanization*, (Berkeley: University of California Press, 1993), Reinhold Wagnleitner, *Coca-colonization and the Cold War: The Cultural Mission of the United States in Austria after the Second World War*, trans. Diana M. Wolf (Chapel Hill: The University of North Carolina Press, 1994), Rob Kroes, *If You've Seen One, You've Seen the Mall: Europeans and American Mass Culture*, (Urbana: University of Illinois Press, 1996), Richard Pells, *Not Like Us: How Europeans Have Loved, Hated, and Transformed American Culture since World War II*, (New York: Basic Books, 1997) and Jessica C. E. Gienow-Hecht, *Transmission Impossible: American Journalism as Cultural Diplomacy in Postwar Germany, 1945-1955*, (Baton Rouge: University of Louisiana State Press, 1999).

part of the European public to the US public diplomacy that accompanied its foreign assistance project. More importantly, it will consider the local loyalties that informed Western European public outcry against or support for the modern economic message borne by US public diplomacy in an attempt to prove that European reaction to American advice was driven not merely by resentment of the preponderance of US power but, if Europeans were honest with themselves, rooted in longer-term local concerns that related to the perceived impact standardization and modernization might have on European social, political and economic relationships. Local European loyalties influenced European reaction to these broader global economic trends that, by virtue of the American promotion of them, became conflated with the US and Cold War competition. The association of modernization, and the potential for the dislocating economic and social change that accompanied it, with US action meant that any resulting local upheavals could be easily blamed on US policy. However, local reaction to the economic global trends promoted by the Marshall Plan had been set in motion long before the postwar US presence in Europe, and thus the reaction to Marshall Plan public diplomacy that encouraged economic growth stemmed not only from the new reality of US power but also from a pre-existing pattern of response to modern economic trends.

This dissertation will explore how the US arrived at the decision to secure an international growth economy abroad and the political advantages Washington saw in doing so. More importantly, it will elaborate on how the Marshall Planners, often drawing upon lessons learned at home, placed their faith in the power of advertising and marketing to accomplish this goal. However, the crux of this study is to evaluate the foreign perception of this American effort and, more generally, the ways in which the

European public, not just diplomats, responded to U.S. public diplomacy and, at times, much to the chagrin of American officials, sought to influence or resist it for their own selfish purposes. As one discouraged ECA official on the ground in Europe complained, “the question is ‘ how do you change the attitude of ages.’”⁵ The truth was, the economic ideas foisted on European societies by US aid officials were hardly foreign to them. Europeans, whether they resented or welcomed American recommendations, responded strongly and in a complex manner to ECA sponsored programs to educate European audiences in the ways of the American economic system not merely because they perceived US advice as a potential threat to their cultural integrity but because they were already intimately familiar with many of the concepts ECA advocated and acutely aware of the potential for social upheaval contained within them. European response was thus not a knee-jerk reaction to unfamiliar ideas but one that was highly informed by longer-standing local political, economic and social imperatives rooted in the very concepts of modernization and economic efficiency the ECA tried to promote as new.

With the ECA focus so steadily trained on economic aspects of daily life, much of the local public response to its work was often an expression of deep-seated resentment of the standardization and mass production encouraged by updating and modernizing modes of production. This reaction represented those local loyalties that felt challenged by a larger, powerful global trend, which, in this case, was openly advocated by an economically and diplomatically powerful United States. As the nascent American superpower had been associated in the European mind with these global trends since the early 1900s, the cultural frustrations unleashed by the ECA publicity were often based on

⁵ Letter from James Tanham to Mr. Parkman, June 15, 1951, Entry 1192, Box 169, RG 469, NARA.

older public sentiments regarding modernization and on local political, economic or social competitions and tensions that had grown around these trends since at least the 1920s. However, on the surface, the US, now the self-proclaimed epitome of successful modernization and the possessor of global clout, could now be directly and inextricably associated with, and indeed the perfect symbol of, all the problems inherent in modern capitalist production. For others, though, the US represented a successful example of a system that could serve political, economic or social needs. Groups that embraced US public diplomacy, rather than using the US message against the American presence, encouraged its message to achieve their own aims and apply pressure in local politics that were now forced to deal with the many local loyalties and issues raised by the relentless American message promoting economic efficiency. Ultimately, local issues determined European reaction to the US public diplomacy that promulgated messages of productivity and replication of the US economic miracle in the European public sphere.

This dissertation attempts to ground firmly European reaction to US intervention in the words of local players such as trade representatives, civic groups, trade unions and journalists in order to situate the native European reaction in their own political, economic and social situations. This will complicate the understanding of European response to US presence and public diplomacy and seek to shed light on the complex relationships between local loyalties, domestic politics, global issues, diplomatic relations and international interventions. The first two chapters trace the rise of a particular American vision of the growth economy that was widely advanced by prevailing interests as the panacea for a broad range of foreign and domestic policy problems, not the least of which was combating the appeal of communism by restoring a social order that placated

the majority of working citizens and voters by providing them with access to the economic benefits of a growth economy. Chapters three and four address the logic behind US assistance in foreign policy terms that were influenced by visions of an international growth economy and the trust placed in a program of public diplomacy to advance US interests of achieving global economic growth abroad.

The second portion of this work focuses on examining the response of European audiences, the British, French, German and Danish respectively, to the US efforts described in the first part of the dissertation and the local loyalties that drove them to respond as they did. What US policymakers and practitioners of public diplomacy did not anticipate was that European reaction would implicate the American message in wide-ranging social issues that pertained not only to local politics related to unions, housing, standards of living and retailing but also raised far more sensitive matters related to such core social and cultural issues as gender, familial relationships, poverty and even race. By posturing themselves as the champions of European living standards, US diplomats entered a sensitive and controversial territory governed by local traditions that were both fiercely protected and contested in on-going local European discourses. As such, the message of US public diplomacy was not passively internalized by “the little people” of Europe, but was essentially constructed by the local loyalties of the audience and not by the public diplomats hired by the US government to improve America’s image and make US policy more palatable abroad.

PART ONE

Determining America: Entrenchment of Cold War Growth Rhetoric and US Policy Toward Europe

Our position in the world has been based for at least a century on the existence in Europe of a number of strong states committed by tradition and inclination to the democratic concept. The formulation of the Paris report is the most recent demonstration that these nations desire to maintain this concept. But desire is not enough. The democratic system must provide the bare necessities of life now, and quickly rekindle the hope that by hard work a higher standard of living is attainable. If these countries by democratic means do not attain an improvement in their affairs, they may be driven to turn in the opposite direction. Therein lies the strength of the Communist tactic: it wins by default when misery and chaos are great enough. Therefore the countries of Western Europe must be restored to a position where they may retain full faith in the validity of their traditional approaches to world affairs and again exert their full influence and authority in international life.¹

- Report by President's Committee on Foreign Aid, 1947.

The Truman administration celebrated the favorable signs emanating from a series of meetings held in the summer of 1947 in Europe. It appeared that representatives of Western European government's were prepared to accept US proposals for a large-scale aid plan that would, according to the US, elevate Europe's standards of living, production levels, international trade and place it on a path not to individual self sustenance, but toward European integration that would meet the basic needs of each European citizen

¹ *European Recovery and American Aid: a report by the President's Committee on Foreign Aid*, (Washington, DC: US Government Printing Office, 1947), 4.

and of US foreign policy objectives. From these initial conversations arose the largest foreign assistance project the United States had ever involved itself in.

American willingness to proceed with a long-term, officially sanctioned and executed foreign policy project that ultimately required the US to intervene at the very basic level of providing for day-to-day individual needs of private foreign citizens was unprecedented. However, it grew from the culmination and meeting of two mindsets in the postwar period, the victory of a corporatist, Keynesian economic theory that focused on elevating production and availability to secure social cooperation and the emergence of a vehement anti-communist mindset that portrayed Western Europe as the immediate prey of an expansionist Soviet Union.

Promoting a growth economy both at home and abroad had real political advantages for US leadership. Not only did it mesh well with efforts to achieve social harmony in the postwar period by providing increased access to goods and services, but it also fit nicely with US foreign policy objectives of restoring trade with Europe and resisting communist threats from the East. The rhetoric that promoted economic growth could also be marshaled to advance these foreign policy aims of the Truman administration that were often resisted by the more isolationist, conservative sentiments in the US Congress. If Europe could be portrayed as cold, hungry and easy fodder for communist movements, promoting economic growth abroad that would secure positive European attitudes for the capitalist system by raising their living standards through large-scale US assistance and US sponsored industrial training would be an easier sell to the Republican Congress that favored withdrawal and protectionist trade measures.

This section traces the rise of the economic paradigm that prevailed in postwar US politics and examines the utilitarian logic behind it that successfully portrayed achieving an economy of growth as the most socially responsible and ethical solution for the challenges of democratic society even as it served the interests of business and government. This background is essential to the story of the Marshall Plan not only because its proponents would gain a great degree of influence in official circles but also because its logic dominated the message driven home to Western Europeans who Americans hoped would replicate growth economies of abundance rather than succumb to socialist redistributive arrangements to solve European economic challenges. When the Marshall Planners attempted to sell Western Europeans on how to revive their economies, they essentially repackaged the message they had driven home to the US public that promoted the benefits of achieving a growth economy.

Chapter One

Securing the Postwar Economy: the Path to a Corporatist Growth Economy

We are strong today because our political institutions and economic system have given us as individuals extraordinary opportunity to grow and develop materially and spiritually. It is this opportunity for growth that has given American freedom its unique and precious quality. . . . Freedom in this broad sense is not easy to achieve. For a man lives in his community, his country and the world, and he cannot forsake living and working with other people to go off and search for freedom as an abstract idea. The days of the rugged individualist are over and the days of the co-operative individual are here.¹

- Paul Hoffman, 1951

On the surface, it seemed that the United States had emerged from WWII more economically sound and socially secure than it had been on that fateful day in December 1941. However, this illusion only barely concealed undercurrents of potential social and political dissent as well as a high level of anxiety concerning the future of international involvement that continued to plague the nation. Despite the fact that it appeared that the war had indeed cured the ills of the Great Depression, insecurities about the future of the American economy, the strength of the social collaboration that had been knit during the war years, and the respect foreign leaders would demonstrate for this neophyte American superpower continued to torment political, industrial and social leaders.

It fell to this leadership, and a new president, to resolve unfinished debates regarding the future shape of the American political economy, debates that had raged unresolved since the first decades of the twentieth century. Instrumental in formulating a

¹ Paul G. Hoffman, *Peace Can Be Won*, (Garden City, NY: Doubleday & Doubleday Company, Inc., 1951), 162.

response to these challenges was a new and powerful industrial elite who claimed that answers to future economic success and political stability lay in a new, so-called socially conscious neo-liberal capitalism that would not only kick finance and industry back into motion but would also serve the needs of a beleaguered public. It would be this cohort of business and government professionals who revived a 1920s style corporatism that would ultimately shape US foreign economic policy and whose interests and rhetoric would dominate the official policy and execution of the Marshall Aid plans for Western Europe in the postwar period.

Promoters of this neo-liberal formulation of an American political economy drew upon the influence they had gained in the federal government during the war years and successfully managed to entrench their particular vision of a productive, mostly freely operating economy geared toward achieving perpetual growth. Growthmanship, as historian Robert Collins has described this particular American understanding of economic growth, would, its supporters argued, bring with it all the advantages, and few of the disadvantages, of “more economic activity, more production, more consumption”² that the public had been promised and therefore demanded in the postwar period. Faced with domestic and international challenges, political leadership also began to rely on this particular conception of American economic prosperity, and the useful, politically neutral rhetoric that grew around it, as it navigated the treacherous waters of Cold War politics at home and abroad. As such, the language of economic growth, productivity and consumerism became the lingua franca of American politics and foreign policy in the

² Robert M. Collins, *More: The Politics of Economic Growth in Postwar America*, (New York: Oxford University Press, 2000), 1.

early Cold War years and the supposed benefits to be derived from pursuing growth the panacea for all problems political, economic and social alike.

Since the Progressive Era, many experts and political leaders had begun questioning economic orthodoxy and its cardinal tenet of a *laissez-faire* political economy allowed to operate freely without government regulation and intervention. To be sure, the government had never entirely excluded itself from the realms of finance and commerce, but in the nineteenth century, private interests had generally been left to their own devices as it was believed this would produce the most efficient and highly profitable national economy. While muckrakers and middle class reformers slowly worked to expose the social and environmental ills of these practices in the early decades of the twentieth century, the Great Depression pressed economists to address the economic wisdom of classical theory and the invisible hand's capacity to lead the political economy back to balanced equilibrium without some kind of official, state-supported intervention. Adherents of *laissez-faire* insisted that economies would automatically and independently adjust to any bumps in the road and equilibrium between production and consumption would eventually regain its natural balance without government intervention. However, as depression wore on and the desired equilibrium remained elusive for a decade, many of these theorists found themselves forced to the dire conclusion that the American economy had matured and thus reached the apex of its potential for growth.

Others, however, cast about for new formulations of the political economy that would warrant optimism for future economic development and expansion. Even as many took depression as proof that the American economy had reached the limits of its ability

to consume what it already produced, British economist John Maynard Keynes and his theories of injecting more spending into the economic system to promote growth, provided some solutions to those optimists with high hopes for the future of the domestic and global economic systems. Reduced to its most simplistic terms, Keynesianism rejected the conventional wisdom that growth of the economy lay only with the producer and an automatic economy. According to Keynes, consumers also possessed the power to drive an economy forward along a path of growth as long as those consumers had expendable income to inject into the economy. This would thereby create demand, which would stimulate production and kick a stalled economy back into action, even one paralyzed by devastating depression. Thus, a downturn, even one as severe as the Great Depression, could eventually be cured, Keynesians argued, by some intervention in the economy such as maintaining low interest rates, redistributing wealth through revision of the tax code, implementing welfare measures and increasing deficit spending.³ The private economy, the most progressive economists insisted, should no longer be left to correct itself. Many of those who embraced Keynesian theory thus supported an enlarged role for government regulation of the political economy with the most extreme arguing for sustained government spending and public economic projects to keep the American economy afloat.⁴

³ Robert M. Collins, *The Business Response to Keynes, 1929-1964*, (New York: Columbia University Press, 1981), 9. See also Byrd L. Jones, "The Role of Keynesians in Wartime Policy and Postwar Planning, 1940-1946," *The American Economic Review* (May 1972): 126-128.

⁴ Among those who supported this approach were Alvin Hansen, Stuart Chase and Henry A. Wallace. See Robert M. Collins, "American Corporatism: The Committee for Economic Development, 1942-1964," *The Historian* 44 (1982): 157. Harvard economist Alvin Hansen advocated heavy taxation, significant deficit spending for public welfare projects and an increasingly interventionist role for the government in the economy. See Collins, *The Business Response to Keynes*, 51.

Naturally, supporters of the Keynesian model were at significant odds with those who clung to older visions of the political economy. However, as scholar Ellis W. Hawley suggests, business had not been entirely independent of government regulation in the 1920s nor had the relationship between the private and public sectors been completely predominated by conflict. Since the turn of the century, and particularly by the 1920s, business and commerce had been subjected to some increase in government regulation. However, the relationship between the private and the public sectors had evolved into a cooperative one as their interests often overlapped and thus government regulation could hardly be considered entirely antithetical to business aims.⁵ What emerged, many scholars have pointed out, was a more highly organized and bureaucratized society in which progressive business and government elites, operating through jointly appointed, rationally organized associations and councils, negotiated to determine statistically driven reforms, regulations, legislation and policies that would meet everyone's minimum requirements with the greatest efficiency possible in the interest of preserving social, financial and industrial order.⁶

Though the experience of depression in the 1930s spawned a number of liberal New Deal reformers bent on achieving an extreme Keynesianism that subjected the

⁵ Ellis W. Hawley, "The Discovery and Study of a 'Corporate Liberalism,'" *Business History Review* (Autumn 1978): 309-320. Here Hawley argues that the definition of American liberalism as a conflict between the business elites and the common man represented by government is overdetermined. He argues that the relationship between business and government was not totally characterized by conflict nor is twentieth century American history simply a battle between laissez-faire and welfare statism. Instead, a significant organizational sector grew around the relationship between the business and government establishments where private and public interests often overlapped and drew from one another to achieve their aims. Hawley calls for further study of this space representing the commonality of interests and cooperation between business and public interests.

⁶ In addition to Hawley's "The Discovery of a 'Corporate Liberalism,'" see also the quintessential work on the development of the modern bureaucratic society, Robert H. Wiebe's *The Search for Order, 1877-1920*, (New York: Hill and Wang, 1967; reprint 1999) in which he finds that the Progressive Era produced the technocratic, bureaucratic organizational culture of the 1920s that aimed to address conflict and problems through a cooperative, rational approach and scientific management.

American political economy to public control, many others struggled against this movement supporting government regulation of the economy and sought to maintain the more cooperative approach to resolving economic challenges. While the private sector certainly staged the strongest opposition to the most liberal New Deal policies, a few members of the New Deal administration itself also advocated moderation and cooperation with the business community. Neither was the business community entirely monolithic in its response to the New Deal. While few to none supported the extreme Keynesian deficit spending advocated by the most avid New Deal reformers, the more liberal business leaders were willing to consider the merits of Keynes' theories as they searched for answers to the resolving the most severe economic downturn in their professional memory.

Even during the earlier days of the New Deal, many members of the FDR administration and corporate America recognized a mutual interest in solving economic challenges together. Secretary of Commerce Daniel Roper who created a Business Advisory Council (BAC) within the Department of Commerce in 1933, acknowledged the importance of soliciting the advice and participation of the business community in creating economic policy. For its part, the business membership of the BAC continually warned the New Deal administration of the long-term danger of continued pump-priming to the American economy while at the same time publicly admitting to the need for some reform of the political economy.⁷ This collaboration provided an opening for cooperation between the private and public interests as the depression dragged on without relenting.

⁷ Robert M. Collins, "Positive Responses to the New Deal: The Roots of the Committee for Economic Development, 1933-1945," *Business History Review* (Autumn 1978): 370-371.

The more conservative approach to resolving the challenge posed by Depression was ultimately vindicated. Many of the New Dealers who interpreted Keynesianism to mean government intervention in the economy through massive deficit spending and government sponsored works projects that would, they argued, support the continued function of a mature economy while ensuring more social and economic equality, ultimately came to the conclusion that this was too extreme of a solution. Most scholars of this period agree that between 1937 and 1945, all but the most extreme New Dealers in FDR's administration slowly abandoned their earlier allegiance to the creation of, as historian Alan Brinkley calls it, a "regulatory" state directly involved in the workings of the economy and the redistribution of wealth. Instead, political leaders, challenged by continued recession and the international crisis in Europe and Asia, settled for what historians have called a "Keynesian" or "compensatory" state that would merely support the economy through fiscal and monetary policies rather than actually direct and overhaul it.⁸ In the end, conservative elements in American politics and, more importantly, the experience of continued economic recession and wartime emergencies overpowered some of the earlier more social democratic objectives of the New Deal. Avid New

⁸ See Alan Brinkley, "The New Deal and the Idea of the State," in *The Rise and Fall of the New Deal Order, 1930-1980*, eds. Steve Fraser and Gary Gerstle, Princeton: Princeton University Press, 1989), 93-95 & 109-111. There is a well-developed body of scholarship on the late New Deal and American liberalism. Besides Alan Brinkley's contribution to Fraser & Gerstle's volume see also his book *The End of Reform: New Deal Liberalism in Recession and War*, (New York: Vintage Books, 1995), John Jeffries, "The 'New' New Deal: FDR and American Liberalism, 1937-1945," *Political Science Quarterly*, vol 105, no. 3 (1990): 397-314. Robert M. Collins also remarks on this shift and refers to the earlier Keynesianism as the "statist, stagnationist formulation" and the postwar version as "commercial Keynesianism." See Collins, "American Corporatism: The Committee for Economic Development, 1942-1964," 157 & 170.

Dealers themselves accommodated to the idea of the “compensatory” state as their political environment changed.⁹

Ultimately, it was the newcomers to the business world, representing more liberal elements of the business community, who were able to appeal to the more conservative members of the Roosevelt administration as they too attempted to see their way out of the economic and social chaos of the late 1930s. It would be the combination of these interests that would gain the upper hand in shaping the postwar economy. By the 1930s, new business interests had emerged to compete with the small to medium sized, labor-intensive entities that had typified older American business. The interests of the more traditional businesses revolved around maintaining a complacent and flexible workforce, low wage rates but the highest prices possible for their more limited output of industrial goods. These industries traditionally favored maintaining their independence in a free economy unfettered by government intervention that might impose liberal labor laws or price controls. The only true utility most of these conservative business interests could find for government involvement in the economy was in the form of protectionist tariffs that would protect American products and prices from foreign competition.

The emergent interests, however, had different ideas about the ideal nature of the political economy and the role the government might play in it. These newer businesses

⁹ Brinkley argues that the government’s retreat from the earlier form of the New Deal represented a slow process of ideological adaptation to changing circumstances rather than any conscious decision by policymakers or political ideologues to change course. See Brinkley *The End of Reform*, 3-8. Collins also recognizes that this was a complex shift not governed by business interests alone but from a variety of influences. See Collins, “American Corporatism: The Committee for Economic Development, 1942-1964,” 158 or Collins, *The Business Response to Keynes*, 19 for a list of the many factors to which he attributes this shift. These include the presence of a body of economic theory supporting such a shift, the existence of a business community characterized by a wide range of competing views but interested in controlling political and economic outcomes and the acceptance by the government that it was responsible for economic prosperity.

were significantly larger and more capital-intensive than their predecessors and tended toward production of consumer goods rather than industrial materials. Thus, their concerns revolved around stimulating high consumer demand by creating the right conditions for high employment rates, high wages and standards of living.¹⁰ Though these newer business interests certainly did not advocate overwhelming government control of the economy or excessive public spending, they were more liberal in their support of government policies that helped generate demand than were the members of the conservative business sector. Thus, these capital-intensive businesses willingly tolerated government intervention in the economy in the form of fiscal and monetary policies designed to support high levels of production and consumption. Furthermore, because of their less substantial reliance upon labor, it was easier for these businesses to support the conditions for wage increases that could serve to increase consumption. The interests of the large, capital-intensive concerns thus intersected more with those of other sectors of the economy, such as labor, and their interests allowed them to be more flexible and cooperative in their dealings with both the government and the wage-earning public.

In the face of the newer, more liberal business interests born in the early twentieth century, the traditional manufacturing sectors of the American economy appeared to be staid, unyielding, inflexible and uncooperative as the nation faced the national and international crises of the late 1930s and 1940s. This permitted the more flexible representatives of large, capital-intensive industries the opportunity to present fresh suggestions to solving wartime and postwar problems as their interests intersected more

¹⁰ For details on these different interests see Lizabeth Cohen, *A Consumers' Republic: The Politics of Mass Consumption in Postwar America*, (New York: Alfred A. Knopf, 2003), 114-116.

comfortably with those of the New Deal administration that had backed down from its more extreme liberalism despite its continued commitment to public interests. In the 1940s, then, public-private cooperation was heavily influenced by the presence of the newcomers to the private sector dedicated to the interests of large, capital-intensive units that encouraged the government to focus on creating the appropriate conditions for a sustained postwar economic growth characterized by high production and consumption.

Economic conditions of wartime also created economic pressures on the postwar era that helped produce the favorable conditions for the emergence of this new public-private cooperation. As war descended upon the nation and Roosevelt's Washington and American business mobilized for action and conversion to wartime footing, an economy that had not been working at full capacity for years suddenly switched into high gear as military supply orders rolled through factory doors. Furthermore, private citizens and business leaders proved more willing to accept normally unpopular policies imposed through direct government intervention into the economy as long as they were carried out in the name of wartime emergency. These included full employment policies, price controls and rationing, all implemented as the nation had scrambled to active duty in the military or to produce necessary munitions and supplies under the direction of their national government. Citizens had also proven eager to express their patriotism through participation in voluntary, government sponsored saving programs that would allow them to defer the spending of new wages until after the war and had swallowed increased taxes with a minimum of protest. These measures served, in effect, to keep inflation down during war while a silent demand grew driven up by the steadily increasing disposable incomes earned with the virtually full employment of the wartime years.

While public acceptance of these policies was based, in part, on true patriotism, it also derived from the belief that wartime restraint would be rewarded in a postwar economy that would provide consumers with economic opportunity and an outlet for the unsated demand they had dutifully repressed during the war. The government, Lizabeth Cohen suggests, did not discourage such “visions of postwar material prosperity” during the war. Instead, these aspirations for a prosperous postwar society “did double duty . . . restraining purchases – and thereby inflation – now, and encouraging them at war’s end, helping, hopefully, to avoid dreaded postwar recession by revving back up the Keynesian engine of purchasing power.”¹¹ Faced with this situation, Washington knew that it was unlikely it could perpetuate full employment, price controls and continued civilian acquiescence to other necessary wartime policies in the postwar period. People expected rewards for their hard work during the war in the form of continued employment and ways to indulge in their new income and would thus resist attempts to curb their spending. Both private and public leadership grew increasingly concerned that armistice might bring an abrupt end to the great wartime boom that had dislodged the American economy from the mire of economic depression, and both government and industry feared the public outcry should they fail to create favorable postwar economic circumstances.

As the New Deal had popularized the belief that the government was at least partially responsible for economic well-being¹² and Washington had essentially promised postwar prosperity in exchange for civic cooperation during wartime, it became clear

¹¹ Ibid, 70.

¹² Collins, “American Corporatism: The Committee for Economic Development, 1942-1964,” 158 and Collins, *The Business Response to Keynes*, 79.

early on that failure to create the appropriate conditions for continued economic growth in the postwar era could have disastrous political consequences. Already in the first months of American involvement as a combatant, reconversion to a peacetime economy dominated the thoughts and strategizing of many leaders, fearing as they did the prospect of a postwar slump resulting from unemployment and massive inflation once price controls, wage controls, enforced saving and production of war materiel ceased. However, as Brinkley points out, in an economy that increasingly depended on consumption as a mainstay, it would be more and more difficult to continue government controls on spending, saving, credit, wages and prices and thus an alternative to government intervention in the economy had to be considered to solve the problem of how to maintain production and economic vitality at acceptable levels.¹³ In the interest of preventing a slow slide back into recession and in response to pressure from professional interest groups, Washington drew upon the advice of the significant pool of business advisors it had drawn into government when hostilities began as it assumed planning for a postwar economic system that would, for the first time since the 1930s, do away with the majority of government interventions and controls.

WWII proved to be a veritable boon for corporate America in many ways. Aside from the obvious relief the government contracts for war production had provided industry, FDR, with his penchant for planning and bureaucratic expansion, had also marshaled the business community into government service in unprecedented numbers to advise him on supplying the allies and then prosecuting war. FDR drafted many of the scions of big business, including the likes of Averell Harriman of the Union Pacific

¹³ Brinkley, *The End of Reform*, 4.

fortune and Brown, Brothers Harriman, Edward Stettinius, Jr. of US Steel and James Forrestal of Dillon Reed, not merely into government service but into full-time government employment in the rapidly expanding federal bureaucracy. FDR, and later Truman, also sponsored the formation of a number of committees made up of representatives from the private sector to provide the executive branch with expert guidance for the transition to postwar footing. By virtue of their apparent willingness to cooperate both with government and labor, representatives of the newer more capital-intensive business interests won the most influence in these joint public-private advisory committees formed in wartime Washington.

Perhaps the most influential in the long term of these groups dominated by proponents of neo-liberalism was the Committee for Economic Development (CED) formed in 1942 out of the core of public-private cooperation, the BAC in the Department of Commerce, and a University of Chicago advisory project led by corporate leaders Paul Hoffman, president of Studebaker, and William Benton, formerly of advertising firm Benton & Bowles. Originally mandated to plan for successful postwar reconversion of the economy, the CED's self-stated purpose was to advise both the public and private sectors by developing, "through objective research, findings and recommendations for business and public policy which will contribute to the preservation of our free society, and to the maintenance of high employment, increasing productivity and living standards, greater economic stability, and greater opportunity for all people."¹⁴

The rosters of CED membership read like a who's who of self-made businessmen heading the capital-intensive consumer goods companies that were relative newcomers in

¹⁴ From CED by-laws quoted in Karl Schriftgiesser, *Business and Public Policy: The Role of the Committee for Economic Development: 1942-1967*, (Englewood Cliffs, NJ: Prentice Hall, Inc., 1967), vi.

American industry. With Paul Hoffman and William Benton as chairman and vice-chairman respectively, the Board of Trustees included the top men of General Foods, The Coca-Cola Company, Federated Department Stores, Scott Paper, Quaker Oats, General Electric and investment house Goldman Sachs. Most of these men subscribed to a belief that, in the words their chairman would later use,

in today's world we need large-scale complicated arrangements, from collective bargaining to investment banking, to provide the social and economic conditions which assure freedom . . . Whether in normal times or in times of defense preparedness, the government's aim must be to foster those social and economic conditions which assure freedom but without, in the process, taking over so much of the citizen's activities that his energy, his initiative and his choice of alternatives will be undermined.¹⁵

The basic aim of these CED members, the leaders of large consumer goods corporations, was thus to stimulate the economy in such a way so as to encourage widespread consumption of everyday household products while at the same time allowing for the existence of large, capital intensive units and the conditions under which they could best support one another. Whether it be investment houses or labor unions, large units governed by complex inter-unit relationships would allow for easier accumulation of capital and more efficient cooperation between the industrial sector and its workers in the postwar years.

These interests and proscriptions often directly conflicted with those of the more conservative business leaders represented by their own associations, the National Association of Manufacturers (NAM) and the United States Chamber of Commerce. While the CED certainly favored the more conservative form of Keynesianism, the

¹⁵ Hoffman, 162-163.

“compensatory” state, over the more liberal “regulatory” state promoted in the earlier years of the New Deal,¹⁶ it, unlike some other business organizations, was willing to recognize that Keynesian theory, government interests and deficit spending merited consideration and would inevitably become part of American policy. As suggested, this won the CED more influence in both the FDR and the Truman administrations, dominated as they were by, at the very least, residual New Deal interests while the other large business associations, NAM and the Chamber of Commerce, rendered themselves ineffectual in directing policy as they remained intractable, refusing to concede that Keynesianism had some merits at a time when it had already become a permanent fixture in American economic policy.¹⁷

In contrast, CED proposals played to public hopes for the future by encouraging a type of government involvement based on the assumption that the American economy had not reached maturity and the extent of its growth but was capable of further expansion as long as appropriately supportive government policies were adopted. At a critical juncture between old and new economic theories, the CED wished to override the assumption held by many anti-business liberals that the economy, though mature, could only be sustained through direct and continued government planning and spending.

¹⁶ See also Karl Schriftgiesser, *Business and Public Policy: The Role of the Committee for Economic Development: 1942-1967*, 16.

¹⁷ Collins argues that other business groups lost influence over government policy during the New Deal era as they reacted only negatively to the possibility of adopting some elements of Keynesianism as policy. In *The Business Response to Keynes* he points out that in refusing to provide any positive alternatives to statist control of the economy or allowing for the possibility that the government might have some role to play in economic and fiscal affairs, the Chamber of Commerce and NAM rendered themselves ineffectual in directing policy. See pages 49-51. This allowed more positive actors, like the CED, who recognized the need to allow some government involvement in the economy, more influence. See pages 56-57. The Chamber did ultimately regroup later in WWII and adopted a more tolerant attitude toward the inevitability of some government involvement in the economy. This allowed them to regain some relevance, see pages 99-112, which they then lost again in the postwar period when they began sending a more mixed message. This left the smaller more organized CED to push for a business alternative to liberal Keynesianism in the postwar period. See pages 118-129.

Instead, the CED envisioned an American political economy that lay somewhere between the outmoded conservative *laissez-faire* position and the statist intervention promoted by more die-hard New Dealers.¹⁸ The CED thus professed to favor restrained government intervention to “devise and enforce rules of the game – reasonably stable rules that will encourage private, voluntary enterprise.”¹⁹ The American economy, the CED believed, could remain vigorous and avoid stagnation if allowed some degree of structured freedom. As self-proclaimed proponents of a new enlightened capitalism, CED members zealously churned out their recommendations for the postwar world that could simultaneously support their own interests while pandering to the government’s and the wage-earning public’s interests as well.

The basic CED formulation for the future of the American political economy focused on securing the right conditions for the highest levels of production possible and subsequently high levels of consumption as well. High productivity, the CED argued, could swell American economic growth as long as the government did not turn wartime policies of full employment and deficit spending into postwar guarantees, an act that, the CED argued, would surely result in an overly interventionist, fiscally irresponsible inflationary state. As an alternative, the Board of Trustees recommended that high employment and living standards be secured through a flexible fiscal and monetary policy that could counteract and conform to the vagaries of the business cycle all the while sustaining the essential levels of production and consumption.

¹⁸ Collins, “American Corporatism: The Committee for Economic Development, 1942-1964,” 156.

¹⁹ From *The CED . . . A Framework for the Postwar Economy* contained in reprint of William Benton article, “The Economics of a Free Society: A Declaration of American Business Policy,” that originally appeared in the October 1944 issue of *Fortune*, Hoffman Papers, Box 41, Harry S. Truman Library, Independence, MO. Hereafter cited as HSTL with location and box number.

Admitting that capitalism did not have a built-in mechanism to achieve equilibrium as the proponents of *laissez-faire* had argued, the CED advised that the government could simply aid the private sector during times of recession by lowering taxes, increasing access to credit and boosting public spending. However, with lowered taxes, the CED hoped that levels of deficit spending would not have to reach the high levels that the more liberal American Keynesians of the New Deal were willing to tolerate. These measures would keep money in the average wage-earners pocket and at the same time counteract deflation thereby allowing consumption to continue, which would, in turn, support high levels of production. During more favorable economic times, the CED program suggested that national income would rise, tax revenue would increase and the government could raise taxes (though not to any great degree) while limiting credit and public expenditures to avoid inflationary pressures.²⁰ The CED was willing to accept that the budget did not have to be balanced, but that deficit spending, in times of dire need, could be beneficial.

While some of these recommendations might seem antithetical to business interests, Hoffman and other leaders of the CED felt that this was merely “taking a long-view of self-interest.”²¹ Since such stabilizing policies would allow steady economic growth, supported by continuing production and consumption, to continue without a

²⁰ See Committee for Economic Development, *Toward More Production, More Jobs and More Freedom*, A Statement on National Policy by the Research Committee of the Committee for Economic Development, 1945, 15-18 and Alan R. Raucher, *Paul G. Hoffman: Architect of Foreign Aid*, (Lexington, KY: The University Press of Kentucky, 1985), 56. Beardsley Ruml, a member of CED's research committee, played a key role in promoting the pay-as-you-go income tax that was adopted as law in 1943. Since this was pivotal to other CED prescriptions, this made possible the implementation of other CED recommendations regarding fiscal policy. Ruml later became president of the New York Federal Reserve Bank. Collins also refers to other references to CED recommendations adopted as practice, including freeing the Federal Reserve from the dominance of the Treasury so that it might stabilize the economy. See Collins, “American Corporatism: The Committee for Economic Development, 1942-1964,” 160-164.

²¹ Committee for Economic Development, *Toward More Production, More Jobs and More Freedom*, 20.

permanent government presence in private business affairs, the business membership of the CED felt that these recommendations would ultimately work to its own benefit. While the suggestion of higher taxes tended to send the smaller more labor-intensive firms into paroxysms, membership of the CED was more willing to entertain such a suggestion. Ultimately, these larger capital-intensive firms were willing to bear temporary tax increases and deficit spending if they could sustain the consumption and production that would help them achieve economies of scale. However, since these measures to support their own business interests could also benefit consumers and other players in the political economy, proponents of the CED portrayed their suggestions as a depoliticized, enlightened capitalism that would ensure that no player in the American political economy would get short shrift. Their ultimate goal, they insisted, was “the good of all – the common good” which was “superior to the economic interest of any private group.”²² Whether or not common good was their true motive, the attainment of it was the operative concept of CED rhetoric and Hoffman claimed that the US had finally developed a “new socially conscious capitalism . . . a system based on widespread ownership, diffusion of initiative, decision and enterprise and an ever widening distribution of its benefits.”²³

Since all theoretically gained from the “common good,” a cooperative effort to accomplish it would not only serve to calibrate the engine of economic growth and profits, it would ensure the attainment of universal prosperity and welfare. And, the CED did, in fact, advocate a number of social policies, limited though they might have been, designed to support labor, collective bargaining and even a better distribution of income

²² *The CED . . . A Framework for the Postwar Economy.*

²³ Hoffman, 141.

so that the “common good” might extend beyond profit making entities of the political economy. Thus, the CED supported such “automatic stabilizers” as Social Security, unemployment benefits and pensions. This was, of course, essential to establishing the “industrial peace” Hoffman felt was key to economic success,²⁴ but nevertheless, these policies were also intended to generate a form of welfare capitalism that did not leave labor and the average citizen totally out in the cold. Given the fear that a renewed clash between labor, business and other social groups would dominate the post WWII period, many found comfort in the CED recommendations for securing this “industrial peace.”

A number of historians have argued that the CED is historically important as it represented the wider effort of the business community to pressure the government to adopt pro-business policies and to stem New Deal liberalism that would encroach on their interests. According to these scholars, the CED’s emphasis on increasing production and consumption while controlling prices and keeping labor content through collective bargaining, full-employment and an attractive wage policy provided these businessmen the opportunity to “halt the momentum of New Deal liberalism and . . . create a political climate conducive to the new corporate order.”²⁵ Indeed, as Collins characterizes the postwar economic order, “there appears to have been a complex social and political process at work by which ‘radical’ alternatives were filtered out, or so emasculated and transformed as to render them *relatively* harmless to those who wielded power within society. Put simply, business accommodated itself to the fiscal revolution and

²⁴ Raucher, 54.

²⁵ Robert Griffith, “Forging America’s postwar order: domestic politics and political economy in the age of Truman,” in Michael J. Lacey, ed. *The Truman Presidency*, (New York: Cambridge University Press, 1989), 85.

successfully turned aside the thrusts of those who sought to limit seriously its dominion.”²⁶

By remaining open to the Keynesian revolution, CED members had made themselves indispensable to a government eager for the counsel of effective business and financial leaders but desperately clinging to shreds of New Deal reform. The CED allowed these political leaders to hold on to the illusion of reform while it promoted economic growth, business profit and economic policies that had little to do with the liberalism of the 1930s. As a result, CED members were soundly awarded, not only with positions on advisory committees, but with the enduring opportunity to influence public and private affairs through permanent government positions. With public service perceived as a patriotic, self-sacrificing duty in the wake of WWII and the way to permanently access public power in the United States, the real triumph of the CED was its ability to pluck prime public positions that served as perches from which they would be able to shape federal economic policy in the years to come.²⁷

Among the more prominent positions CED members laid claim to was William L. Clayton’s successful bid for the Undersecretary of State for Economic Affairs and Paul Hoffman’s appointment as Chief Administrator of the Economic Cooperation

²⁶ Collins, *Business Response to Keynes*, 19.

²⁷ Karl Schriftgiesser calculates that between 1942 and 1957, 38 CED trustees held public office of some kind. Many served in the American foreign aid administrations. This contributed greatly to the influence CED had over domestic and international economic policy. See Karl Schriftgiesser, *Business Comes of Age: the Story of the Committee for Economic Development and Its Impact upon the Economic Policies of the United States, 1942-1960*, (New York: Harper & Brothers Publishers, 1960), 162. Collins also mentions a number of CED members who entered government service in *The Business Response to Keynes, 1929-1942*, 147-148. Besides Paul Hoffman as head of the ECA, William Foster, William Benton and Will Clayton, Ralph Flanders, head of the CED’s research committee, became US Senator from Vermont. As already mentioned, Beardsley Ruml became president of the New York Federal Reserve. These accounts do not take into consideration the large number of junior members of the CED and its affiliates pulled along into public service as staffers to the likes of Hoffman, Benton, Flanders, Ruml and Clayton as they entered public service.

Administration (ECA), the administrative body of Marshall Aid. Another CED member, William Foster, would become Hoffman's right-hand man at ECA and later succeeded him as head. William Benton, co-founder of CED, served both as Deputy Secretary of Defense and Assistant Secretary of State for Public Affairs before becoming a US Senator from Michigan. Naturally, these men tapped likeminded individuals to serve as their deputies with the end result being a large-scale mobilization of CED policymakers and supporters into government policy-making circles and an infusion of CED principles into both domestic and foreign economic policy. By dominating key administrative positions, the CED continued to pressure government, labor and citizen leadership for decades after the end of the war as its membership worked from both within and without various presidential administrations to lead policy toward achieving the growth economy that would best further the interests of CED membership but also appeal to the mainstream with its claims of supporting a more equitable political economy for all.

Thus, the business community, its newer liberal wing in particular, whose power the New Deal had initially intended to curtail and parcel out to others, emerged from the war with a good deal of clout. Historian Robert Griffith goes so far as to argue that the wartime and postwar mobilization of the business community into government "constituted the largest and most systematic deployment of corporate power in the history of the United States."²⁸ This, especially when coupled with an increasingly conservative Congress elected during the war years, also served to dash the hopes of avid New Dealers that their more liberal recommendations to reform both the American political economy and the relationship between the state, business and society would take hold as the

²⁸ Griffith, "Forging America's postwar order: domestic politics and political economy in the age of Truman," 63 & 64.

country turned to the task of converting the economy back to peacetime status.²⁹ The end result was a mutual recognition of the advantages of public-private sector cooperation that had begun in the early decades of the 1920s, been disputed and challenged by depression and New Deal reformers and then made more palatable to many by the postwar emergence of a strong representation of the more liberal contingent of the business community in public life who could talk the talk that made many in both government and industry comfortable. This rhetoric dominated most of CED's policy recommendations, infiltrated government policy-making circles and eventually came to dominate the guiding philosophy and operational aspects of US foreign aid agencies like the ECA by virtue of the significant role CED followers played in their administration.

Indeed, the rhetoric of economic growth that the CED developed became another of its enduring legacies. Largely consensual, this language blithely attempted to smooth over societal rifts laid bare by the Great Depression and New Deal eras in order to pave the way for the peaceful social conditions and industrial relations that would drive postwar economic growth. CED rhetoric followed a simple, almost circular self-enforcing logic that posited a hermetic, self-supporting socio-economic system capable of correcting its own problems if left well enough alone. Since the CED proclaimed that "the privilege and responsibility of every citizen in a democratic society is to share in defining the common good as well as in giving service to it" and "the economic system is a tool for achieving the common good,"³⁰ it followed that all members of society, regardless of class, race, ethnicity, religion, were held responsible for maintaining the high levels of production, consumption and employment necessary for a healthy, steadily

²⁹ Collins, *Business Response to Keynes*, 80.

³⁰ *The CED . . . A Framework for the Postwar Economy*.

expanding economy. Likewise, all stood to gain from the fruits of this labor, that is the higher productivity resulting from the application of improved technology, management techniques, worker training and the protective social welfare measures that would guarantee and support increased demand.

United in their co-dependency, the CED argued that the only logical choice for both business and labor would be to focus on reaping benefits that could be gained from an amicable and mutually rewarding cooperation. It behooved employers, who wanted to expand markets, to support rising living standards, otherwise known as the “common good,” since demand for consumer products was indispensable to stimulating productivity and profitability. Thus the CED insisted that “the interests of business as a whole are best served by passing on a substantial part of the savings from higher productivity in the form of lower prices and higher wages”³¹ to the consumer thereby increasing the expendable income necessary to stimulate demand and put profits directly into business coffers.

Workers and labor leaders should, in turn, ensure continued high wages through efforts that would “contribute toward the productive efficiency upon which high wages and low prices depend. Increased output per worker, through improved technology,” the CED’s argument went, was “essential to a steady rise in real wages.”³² Thus, labor ought to respond favorably to the new scientific management and human relations programs that the CED suggested all businesses adopt as they promoted the efficiency that yielded higher productivity, higher profits, higher wages, lower prices and greater standards of living. In essence, workers stood to benefit from higher wages earned from working

³¹ Committee for Economic Development, *Toward More Production, More Jobs and More Freedom*, 19.

³² Ibid.

harder and more efficiently but business profits would also increase due to their higher productivity. Despite the fact that workers would be essentially padding the coffers of private business by increasing their output, the result, according to CED pronouncements, would ultimately be in their own self-interest just as it was in the very interest of the business community to pass on some of this increased revenue to workers in the form of higher wages and lower prices. This pursuit of confluent self-interests would ultimately yield the objectively desirable “common good.”

The CED portrayed this type of political economy as an organically integrated system that, if supported correctly by minor, non-intrusive fiscal tweaks from a relatively uninvolved government, would continue to operate naturally and harmoniously by supporting all group interests. CED argued that since these “long-run group interests [converged] on high employment and high productivity they [coincided] with the community as a whole” and since the government’s responsibility was to protect the interests of the community, it ought also support the fundamental goal of achieving the “common good.” To do this, the CED members, disapproving as they did of direct state intervention, suggested that,

this unity of long-term interests emphasizes the need for restraint on the part of individuals and groups tempted to turn to government for special favors or alleviation of short-term difficulties. Artificial price maintenance, restrictive trade and labor practices, subsidies for particular groups and other impairments of competitive markets generally operate counter to the public interest and, in the long run, counter to the interests of the class of which the self-serving individual group is a member.³³

Though it was willing to concede that some safety nets should be incorporated into the American political economy in the form of unemployment benefits, pensions and

³³ Ibid., 20.

other forms of insurance, members of the CED ultimately rejected any false direction of the economy through public channels. If the profit incentive were removed by government intervention in the form of price controls, wage fixing or the creation of false markets, the precarious balance of the symbiotic relationship between labor and capital that generated production, consumption and a growing economy would be thrown off and the system would break down. At the root of its rhetoric, the CED stood for a free economy. The government should thus stand above the system, aloof and immune to demands and pressures of special interests, allowing the economy to drive forward, unhindered, on a wave of increasing productivity and consumption. The ultimate responsibility of policymakers was merely “to establish the conditions under which a free enterprise system can operate most effectively and to counteract the tendencies in that system toward booms and depressions.”³⁴ The result would be, according to this CED logic at least, a powerful political economic machine that would churn forever forward to everyone’s advantage and thereby secure a peacefully obtained, evenly shared economic prosperity.

In their organic, corporatist view of American society, self-interest was ultimately dependent on the collective “common good” of a freely operating, productive economy capable of generating large profits and constantly improving standards of living. Publicly, at least, the CED refused to acknowledge class interests, private interests or any other efforts that aimed at achieving specialized gains that would threaten to disrupt the political economic system it envisioned. While this rhetoric clearly skirted the obvious fact that CED membership would clearly benefit from the vast profits increased

³⁴ Ibid., 22.

production would bring them, despite the higher wages they might pass on to their workers, it was, in many ways, a widely acceptable language of equal opportunity.

Any group represented within this common good, that is business, labor or government, regardless of its specialized interests, class or ethnicity, could utilize this language for its own purposes without directly offending the other. The utility of the CED's corporatist language lay in its ability to build the illusion of social consensus by drawing upon supposedly objective categories of scientific expertise to approach matters sensibly and unemotionally and therefore capable of identifying objective goals and means of attaining them. In employing this strategy, the CED followed in the 1920s tradition of the likes of Herbert Hoover who felt that promoting scientific rationalization was the way toward bettering private enterprise, creating an American system based on higher living standards and promoting cooperation between different functional units within American society.³⁵

Paul Hoffman himself was a true enthusiast of this type of corporatism.

Hoffman's biographer, Alan Raucher, finds that he "argued that a modern industrial society could not leave complex public decisions to outmoded traditions, ignorance, and emotional partisanship." Instead, "nonpartisan and scientific expertise, divorced from the

³⁵ See especially Collins, *The Business Response to Keynes*, 85 and "American Corporatism: The Committee for Economic Development, 1942-1964." Here Collins embraces the organizational approach to American history in the style of Robert Wiebe and Ellis Hawley to explain the way American social consensus was institutionalized and argues that the roots of the CED philosophy lay in the Progressive era's focus on organizational activity to address social, economic and political challenges in an orderly, objective fashion. Reform of government's role in business affairs, did not originate with the New Deal. Indeed, the CED program for reform reflects Ellis Hawley's description of politics in the 1920s and particularly Hoover's dedication to promoting scientific rationalization as a way to bettering private enterprise and creating an American system based on high living standards and cooperation between different institutions such as trade associations and professional societies. Hoover, Hawley argued, saw this as the way to creating a government that was capable of reform without massive expansion of its powers. See Ellis W. Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an 'Associative State,' 1921-1928," *The Journal of American History* 61 (June 1974), 117.

ordinary politics of competing interest groups, was supposed to help Americans uproot prejudices and overcome narrow-mindedness.”³⁶ The CED insisted into the 1960s that society should not be viewed “as sharply divided into a certain number of classes – business, labor and possibly others” as “there is a general interest, and a truth independent of class interest.”³⁷ Thus, the CED claimed it could, theoretically at least, rise above both partisan and class conflicts to present the right and true solution.

The Hoffmanism its board of directors adopted as its motto in 1948 reflected this very sentiment. The CED approach, Hoffman suggested, was “Neither right nor left but responsible.” Ellis Hawley has characterized this type of American “corporate liberalism” as a new organizational order that brought private and public entities together and in which “new breeds” of private and public leaders looked to each other’s organizations as a means to advance their own interests. Thus, “private leaders sought to build state agencies that could render needed services without supplanting or threatening the new private institutions” while “public leaders looked to enlightened private organizations as the instrumentalities through which they could best advance public interest.” This ultimately, Hawley argues, provided the “structures through which American ‘corporatizers’ have sought to order an unruly or badly functioning pluralism without subjecting it to a ‘politicization’ inimical to economic and social progress.”³⁸

The CED membership employed exactly this strategy as it pursued its own economic success through cooperation with the government bodies in which it often had representation. In doing so, the CED successfully navigated potentially divisive political

³⁶ Raucher, 52.

³⁷ Herbert Stein, research director of CED in 1962 quoted in Collins, “American Corporatism: The Committee for Economic Development, 1942-1964,” 155.

³⁸ Hawley, “The Discovery and Study of a ‘Corporate Liberalism,’” 311-312.

and economic issues with its politically benign, seemingly consensus driven rhetoric that could, on the surface at least, alienate no part of American society. But, Hawley is correct in pointing out that the public leaders found advantages to this approach as well. Indeed, lawmakers and other members of the government administration, regardless of their affiliation, grew increasingly dependent on similar tactics and language. In essence, the CED, the Roosevelt administration and then Truman's people all participated in the political act of drawing upon a particular political language that operated in ways that made sense in the context of the 1940s. Ultimately, this political rhetoric became the language in which most Cold War policy was couched as leadership presented it to the American public and legislators. Furthermore, this language of economic growth that resulted from the private-public nexus and promoted all the benefits to be derived from it, infused American society in the 1950s and, as many have suggested, possibly suppressed public socio-economic debate by laying a politically useful and effective veneer of social cooperation and consensus over a potentially unstable postwar society. With the Marshall Plan administration so heavily dominated by CED membership who had appreciated the utility of the language of "the common good," this apolitical consensus driven language also came to dominate much of the Marshall Aid policy debates and eventually even the efforts to persuade the European public to follow its recommendations to replicate the American political economy abroad.

Chapter Two

“Our Present Answer to the European Brands of Socialism:” Mobilizing the Rhetoric of Economic Growth in the Cold War

The basic responsibility of this nation is to protect its own strength. Upon this rests our ability to perform all our other responsibilities. In this showdown struggle between freedom and despotism the United States is the dynamo – the generator of power. If the dynamo stops, or even slows up, the lights will go out all over the world.¹

- Paul Hoffman, *Peace Can Be Won*, 1951

Historian Daniel Rodgers has argued that American politics has from its inception been obsessed with words and its leaders engaged in a continuous “struggle over the basic symbols of legitimacy,” that is the keywords that resonate in US political culture and mutate over time to serve evolving needs. “We use political words,” Rodgers suggests, “not as signs of hidden intellectual systems but as tools. We *do* things with words.” Thus, “political words take their meaning from the tasks to which their users bend them. They are instruments, rallying cries, tools of persuasion”² rather than absolute, unchanging representations of fixed ideas or principles. The rhetoric employed by the CED was merely the appropriation of “the language of political authority”³ found in key political words like “interests,” “the common good” and “freedom” in the 1940s. Regardless, this language became fully internalized by the political establishment in the early Cold War years as it sought to legitimize and further both its domestic and

¹ Hoffman, 47-48.

² Daniel Rodgers, *Contested Truths: Keywords in American Politics Since Independence*, (New York: Basic Books, Inc. Publishers, 1987), 8-10.

³ Ibid., 11.

international policies. By virtue of the fact that the corporatist rhetoric of economic growth claimed to provide equal access to abundance for all participants, this language proved the perfect vehicle for dispelling Soviet claims that Western capitalist democracies remained class-driven entities that distributed wealth unfairly and an effective political rallying cry for Western democracies.

Before the CED was even born, Progressives had mobilized the concept of “the common good” in the 1910s and 1920s to represent the end goal of their movement. The “common good” represented the simplest road to victory in a society divided by complex grievances of many groups from industrial workers to farmers to women to artisans and small businessmen. As “successful reform politics was coalition politics,” the “language of the social whole” represented in terms like the “common good” proved powerful in American politics at that time.⁴ Rodgers also finds that the rise of empirical politics characterized the Progressive Era. Beginning in the 1920s and extending into the New Deal Era, and greatly encouraged by a large-scale rejection of German theoretical abstraction during WWI, American political leaders found value in “the possibility of replacing the familiar legal-theological wrangles over policy with the hard, determinate verdict of social science.” It thus became more useful for political and social leaders to replace abstractions with numbers, quantifiable concepts and so-called scientifically based, objective solutions in their political language. In the New Deal era, as the government’s function came to be that of referee between competing “interests” that may never be unified into a the social whole the Progressive had envisioned, “interests” came

⁴ Ibid., 183 & 187.

to represent the functional groups that all served a particular purpose in achieving “the common good.”⁵

As domestic challenges to postwar security and the international Cold War became a reality in the 1940s, mobilizing for growth was seen not only as a means to overcoming social strife and serving competing domestic “interests” but also came to be synonymous with combating the rise of global communism. In this atmosphere, neo-liberal capitalism became firmly entrenched as the premier weapon on the economic front against alternative distributive arrangements suggested by communist or socialist theories but also on the social and political front against the perceived threat of Soviet incursion on the Western world. As such, the supposedly all-inclusive corporatist rhetoric of economic growth that accompanied Western neo-liberal economic growth became a highly politicized political language in the international stand-off between the US and the perceived communist behemoth to the East. Corporate and government officials alike seized the words that served neo-liberal interests and promoted a corporatist, hopefully universally appealing economic growth not only as the means to quell domestic fears and challenges but also to address an international situation they saw as increasingly dangerous to US interests.

The CED, the New Deal presidential administrations and their political opponents inherited the Progressive rhetorical tradition, and all of them appropriated the keywords that resonated with US political mythology and had proven appeal for the American public as they entered the postwar period. Truman was no exception, and when he assumed office, he relied upon language of economic growth, productivity and

⁵ Ibid., 187-209.

consumption that supposedly furthered “the common good” delivered in the form of higher standards of living. Initially, his hope was that using this language would serve to keep the peace between competing “interests” simply because it served to appeal to as many people as possible and would thus alienate as few as possible. Historian Charles Maier has also noted value of this language for the American leadership of the postwar era. The political establishment, he argues, seized upon the “supposedly apolitical politics of productivity as a pragmatic strategy to resolve internal ideological conflicts thereby enabling the nation to avoid political, economic and social impasse or discord. This strategy,” he suggests, “arose naturally out of the domestic modes of resolving social conflict, or, rather, the difficulty of resolving conflicts cleanly.”⁶

Truman did indeed face the real possibility that socio-economic driven clashes might mar his first months as president. By the summer of 1945, the nation eagerly anticipated the return of some twelve million soldiers. These men, and the ten million war workers that had to be retooled for peacetime economic requirements, all had to somehow be reabsorbed into an economy in flux. Furthermore, many anticipated that once wartime price and wage controls were lifted, the American economy faced a potentially devastating inflation driven up by expendable income and demand for consumer goods not yet available.

To face these challenges, Truman initially sought an extension of New Deal social policies and called for a full employment bill, higher minimum wages, national housing and health insurance legislation, an extension of Social Security and regulations endorsing fair employment. He also insisted on maintaining the hated wartime price and

⁶ Charles S. Maier, “The Politics of Productivity: Foundations of American International Economic Policy after World War II,” *International Organization* 31 (Autumn 1977): 613 & 611.

wage controls that could keep inflation at bay, refusing to lift them completely until the summer of 1946. However, labor proved increasingly restless in the first year after the war, frustrated by lower real wages once inflation became a factor and management's reluctance to enter into new wage agreements. Social unrest brewed beneath the surface of a society celebrating double victory over Germany and Japan. As the economy expanded, labor felt left behind and staged numerous protests throughout the first year and a half after hostilities had ceased. This culminated in Truman's interventions in both the coal and railroad strikes in the spring of 1946, an act that only served to offend a key constituent of the Democratic New Deal coalition. For the first time in more than a decade, the Democrats were forced to yield their control of Congress after the mid-term elections of 1946 returned a number of Republican victories. It appeared that the nation had voted against Truman's initial stabs at statist measures to deal with postwar challenges, indicating that the reformist mood supporting New Deal policies was on the wane.

An increasingly Republican Congress and rifts within the Democratic party itself⁷ also contributed to weakening Truman's New Deal platform. One of the first planks to go was the goal of full employment legislation. Though the original bill proposed that the federal government guarantee full employment and other compensatory measures, the resultant Employment Act of 1946 merely committed the government "to [using] all practicable means . . . to promote maximum employment, production, and purchasing

⁷ In the postwar period, the Democratic party was plagued with a number of internal rifts between its diverse constituents. The most significant differences were between conservative Southern Democrats, who hated proposed civil rights legislation, and the more liberal Northern Democrats who supported it. Even within the Northern Democratic wing, old school New Dealers shunned the more hard-nosed political realists who had gained dominance during the war and won even more influence in Truman's White House.

power.”⁸ In this environment, the “practicable means” available to the government were the macroeconomic tools of fiscal and monetary policy and thus this legislation essentially served to formalize many of the recommendations that the likes of the CED had advanced as the appropriate way for the government to shape the political economy.

More importantly, perhaps, the Employment Act created the Council of Economic Advisors (CEA) in the office of the president. The CEA’s function was to advise routinely the president on matters of economic policy. Given that this group concluded that “the economics of abundance, with its high goals of high employment and economic stability, superseded the Depression’s stress on recovery, balance and security,”⁹ most of the advice rendered by the CEA contributed to a growth economy based on high productivity calibrated by supportive macroeconomic government policies. The CEA also hoped that this was the type of growth that would “reduce to manageable proportions the ancient conflict between social equity and economic incentives which hung over the progress of enterprise in a dynamic economy.”¹⁰ The US seemed firmly directed along the path envisioned by business liberals like those represented in the CED’s membership. As the election of 1948 approached, this position became even more entrenched in American politics and the rhetoric of growth, production and high living standards prevailed as the most effective way to deal with political opposition.

In the months before the 1948 campaign, the Republican Congress had continued to chip away at Truman’s liberal agenda, cutting taxes and passing the Taft-Hartley Act in 1947 over Truman’s veto thereby outlawing the closed union shop and limiting legal

⁸ Quoted in Collins, *The Business Response to Keynes*, 13.

⁹ Collins, *More*, 16.

¹⁰ *Ibid.*, 20.

means for labor protest. This represented, however, somewhat of a coup for Truman. By vetoing this bill, the president was able to win back the support of the labor unions he had alienated in 1946. Indeed, as scholar Gary Donaldson has suggested, Truman consistently employed this tactic in the months leading up to the 1948 election, continuing to propose liberal policies all the while fully recognizing that the conservative Congress was sure to shoot them down. Thus, he spent the summer of 1948 promoting such measures as an excess profits tax, consumer credit controls, rent controls, rations of products in short supply and price controls for scarce commodities all with the aim of reducing the inflation that frustrated American households.¹¹ This strategy allowed Truman to adopt the mantle of protector of the average American.

However, Truman was also faced with an international situation that would convince his advisors that an aggressive USSR was on the move. The focus of his administration on a perceived communist threat to the East combined with Republican hostility to any liberal economic or social remedies to domestic issues, prevented the president from suggesting any overly progressive or statist measures to address domestic concerns. While it was fine and good to be regarded as the protector of the American working man, it would only play into Republican hands to be perceived as the supporter of any redistributive social policies that could be compared to communist or socialist alternatives to a neo-liberal capitalist economy.

Moreover, Truman and his campaign advisors duly noticed a national mood that favored an economy of growth rather than progressive social welfare reform for even the biggest objection in the labor protests of 1946 had revolved around workers' inability to

¹¹ See "Message to the Special Session of the 80th Congress. July 27, 1948," *Public Papers of the Presidents: Harry S. Truman, 1948*, (Washington, DC: US Government Printing Office, 1964), 418.

partake fully in the consumption of the elevated postwar production of consumer goods, not unfair practices in the workplace or impediments to their right to unionize.¹² It appeared that everyone who embraced the mainstream, from the conservative businessman to the union member, agreed that establishing rising levels of production, consumption and living standards ought to remain a national priority. Truman's advisors had also witnessed the persecution of Henry Wallace who opposed the bipartisan, hard-line anti-Soviet foreign policy that was the emerging Congressional consensus. Truman's campaign strategists thereby determined that the rhetoric that would resonate most effectively with the American public was one that emphasized economic growth and productivity secured through minimal government intervention. If they could combine this with a focus on dedicated anti-communism, they hoped to appeal to the broadest range of voter concerns and interests.

What emerged from the 1948 election, then, was a masterful combination of campaign trail language that simultaneously supported liberal policies, an expansive domestic expansion and effective anti-communist measures in one breath. This rhetoric aimed at appealing to the average American anxious to participate in the postwar economic boom and willing to demand his or her right to do so. The result was that rhetorically, the American pursuit of prosperity came to be diametrically opposed to all the supposed evils embodied in communism and representative of the equal opportunities and democratic freedom a neo-liberal capitalism purportedly offered all its citizens. The

¹² While these groups might all have agreed on the end goal of creating high levels of consumption, they saw different ways of attaining them. Conservative businessmen continued to press for complete removal of government intervention in the market, the CED favored moderate government policies that would strengthen demand, and labor hoped for full employment and wage support legislation. See Cohen, *A Consumer's Republic*, 115-118.

mobilization of the rhetoric of economic growth combined with his success in forging and popularizing an anti-communist, bipartisan foreign policy, ultimately won the incumbent president another term.¹³

Anti-communism could easily be folded into the domestically oriented rhetoric of economic growth as foreign policy and the USSR had virtually become a national preoccupation by 1948. While Truman faced domestic challenges to national harmony and security in the postwar era, he also encountered growing tensions in relations with the Soviet Union and the reality of a struggling Western Europe that refused to bounce back from wartime economic dislocations. This posed both economic and diplomatic headaches for the Truman administration already burdened with its domestic problems and fears about the feasibility of maintaining a delicate social peace at home. Without a strong European market for US goods, many American diplomats and commercial experts feared further economic troubles for the US market. The question was how to restore these necessary commercial ties while significant elements in domestic politics insisted upon maintaining international economic protectionism for the United States.

Furthermore, by 1948, the Soviets had challenged American security interests in Germany, Eastern Europe and the Mediterranean diminishing any hopes that tentative wartime agreements reached at Yalta and Potsdam would be honored. Wartime visions of a prosperous and harmonious international system seemed increasingly unlikely. To add fuel to the fire, George Kennan caused uproar in the State Department with his Long Telegram that painted an ominous portrait of the USSR's menacing imperial intentions. At the same time, Chinese Nationalists appeared to be losing the fight against the rise of

¹³ Gary A. Donaldson, *Abundance and Anxiety: America 1945-1960*, (Westport, CT: Praeger, 1997), 9-11.

communism in Asia. These indicators caused many in the foreign policy establishment and Congress to reach the conclusion that these international developments were early warning signs of hostile Soviet intentions and proof that the USSR was bent on becoming the first communist superpower. Debate about how to interpret Soviet moves and how to deal with them dominated American foreign policy concerns in the mid-1940s, and Truman's warnings about Soviet threats lent validity to campaign promises that he was the man to lead the country and the Western world to a democratic prosperity that would enable it in a possibly protracted Cold War against international communists.

Influenced by such anti-Soviet statesman as James Byrnes, Averell Harriman, Clifford Clark and Kennan himself, Truman adopted a hard-line stance against a perceived expansionist Soviet power and in 1947 proposed massive aid to Western nations threatened by communist takeover not only to support a determined US policy of containment, but also to restore an international economic system which the United States depended on for its own commercial advancement. Faced with significant resistance in a Congress dominated by the Republican Party and a stubborn residual isolationist sentiment that continued to oppose the perceived Wilsonian internationalism of the Democrats while courting the support of those members of the American business community who hoped for protectionist commercial policies, the Truman team attempted to remedy the situation by laying on thick rhetoric describing the imminent Soviet threat to the survival of the Western world and American democracy.

Rather than portraying US economic assistance, first to Turkey and Greece and then to Western Europe, as essential to American national security for commercial and economic reasons, Truman sought to win support for foreign aid among isolationist

resistors in Congress and the US public by insisting that economic assistance was the only true line of securing defense against ultimate Soviet domination of Western Europe. The truth about the real impetus for these aid programs probably lies somewhere between these positions, but the real point here is that by relying so heavily on anti-communist rhetoric to promote a specific foreign policy, Truman built upon the keywords available in American political discourse. To be sure, anti-communist language had certainly been employed well before Truman entered the White House, but it had been on repressed during the wartime cooperation with the Soviet Union and had never been so fully mobilized to secure virtually any aim as it was in the 1940s and 1950s.¹⁴

Daniel Rodgers agrees that anti-communism proved to be a useful rhetorical tool throughout the Truman presidency and for many years after. According to Rodgers, “the

¹⁴ There has been significant work done on the rise of anti-Communist rhetoric in the United States and the true impetus for American foreign assistance to Europe. The pre-eminent scholar of the Marshall Plan, Michael Hogan, building on the significant group of scholars of the William Appleman Williams school who suggest that US diplomacy has always been driven by the search for markets, argues that policymakers perceived aid to Europe as essential to long-term American interests of supporting the dynamism of a domestic economy that relied on international commerce for its continued success. But, he also agrees that political leaders saw the maintenance of free trade and American economic grandeur as the basis for the survival of a liberal capitalist world. Thus, economic aid served two purposes, strengthening the international liberal capitalism that would thus also contain the communist threats to the world order that Americans aimed to protect. See Michael J. Hogan, *The Marshall Plan: America, Britain, and the reconstruction of Western Europe, 1947-1952*, (Cambridge and New York: Cambridge University Press, 1987), 26-27. Richard Freeland has made the interesting and provocative argument that the Truman administration purposefully and masterfully engineered a massive public relations effort to exaggerate the Communist threat to international and American security in order to secure the passage of the European Recovery primarily because it felt such a program was essential to preserving American markets. For a brief outline of this argument see Richard M. Freeland, *The Truman Doctrine and the Origins of McCarthyism: Foreign Policy, Domestic Politics and Internal Security, 1946-1948*, (New York: Knopf, 1972; reprint, New York and London: New York University Press, 1985), introduction. These issues will be addressed more fully in subsequent chapters of this document. Ultimately, Freeland concludes that Truman, caught in the crosshairs of his own rhetoric, created an inordinate paranoia of communism and thus the repressive conditions in which McCarthyism was able to function thereby limiting domestic and foreign policy options. Athan Theoharis makes a similar argument in *Seeds of Repression: Harry S. Truman and the Origins of McCarthyism*, (Chicago: Quadrangle Books, 1971). Though he does not develop this point to the extent of Freeland and Theoharis, Charles L. Mee, Jr. also alludes to consequences of Truman's anti-Communism. See Charles L. Mee, Jr., *The Marshall Plan: The Launching of the Pax Americana*, (New York: Simon & Schuster, 1984), 72.

rhetoric of freedom,” functioning as the converse of Soviet communism, employed in much anti-communist talk in the late 1940s,

drew its primary power not from its specificity but its all-persuasiveness, its ability to bind together the confusions and discordancies of American life with a single, powerfully flexible noun. Freedom in mainstream postwar talk was not this or that list of rights. It was bigger and vaguer. It was the obverse of the twentieth century’s new totalitarianisms; it was, in a word, everything that fascism and communism were not [and] the spokesman of the political center quickly learned to employ it to bundle together every facet of postwar life.¹⁵

Tropes of anti-communist tactics, made possible by an US-style, corporatist economic growth and prosperity large enough to go around, became the rhetorical tools increasingly used to appeal to US voters and to unify competing interests in American society. The “apolitical politics of productivity,” prosperity and an external threat were all excellent motivators to rally Americans around the flag as they provided a true incentive to preserve the “industrial peace” that had supposedly been attained during WWII. The threat of communist world domination that could only be stemmed by a strong Western bloc also proved an effective means of encouraging Americans to support Truman’s foreign policy of containing the Soviet Union through a massive economic aid package for Europe. In this formulation, any threat to US economic strength or any impediment to economic growth would play directly into the hands of a Soviet Union poised to pounce should the US or Western European nations exhibit any sign of weakness.

Playing on both these growing anti-communist sentiments and frustrated economic desires, Truman appealed to prospective voters by trying to justify his

¹⁵ Rodgers, *Contested Truths*, 215.

immediate, and often unpopular, postwar economic decisions to deal with rising inflation, insisting that “the thing that would help the communists is having a depression, and that is what I have been trying to prevent.”¹⁶ Truman promised his audiences that communists “find that on issue after issue they can expect no help from the Democratic Party. But to the Republican Party, however, they see a basic philosophy, a course of action toward the future, that fills them with fervent hope.”¹⁷ Truman connected Republican proposals to lower taxes, defeat rent controls and other Democratic measures aimed at curbing the effects of inflation with the likelihood of an economic downturn and a crippling government deficit. Truman called “the bill recently enacted by the Congress reducing Government revenues by \$5 billion . . . dangerous from the standpoint of the Government’s financial stability.”¹⁸

Warning that “the strength and vitality of our economy are being undermined by inflation,” Truman argued that the Republican tax cuts that he had vetoed three times in the postwar period only to be overridden in 1948 were “also dangerous from the standpoint of high prices, for the additional billions of dollars of purchasing power will not be accompanied by any significant increase in production” and would therefore assert undue inflationary pressures on the American economy. “If the cost of living continues to climb,” Truman argued, “wages and prices will continue to chase each other upward.” The result, he predicted, would be an “unhealthy boom [that] will impose further hardships upon those who fall behind in the race.” Thus, “the greater the inflation and

¹⁶ “Campaign Address in Indiana at the Indiana World War Memorial. October 15, 1948,” *Public Papers of the Presidents: Harry S. Truman, 1948*, 802

¹⁷ “Address at the Brooklyn Academy of Music, New York City. October 29, 1948,” *Public Papers of the Presidents: Harry S. Truman, 1948*, 929.

¹⁸ “Address Before the American Society of Newspaper Editors. April 17, 1948,” *Public Papers of the Presidents: Harry S. Truman, 1948*, 222-223.

the longer it lasts, the greater the danger that it will end in unemployment, business distress, and a recession and a depression.”¹⁹ Hence, Republican strategies, he insisted, would not be any more effective in reducing inflation, restoring purchasing power to the average worker or averting economic disaster than the legislation he had proposed. He, on the other hand, by “urging that we do something about inflation – to halt inflation” was indeed, at least according to his campaigning tactics, trying to “protect the purchasing power of the wage earner, the farmer, the small businessman, and the people with fixed income.”²⁰ However, Truman did not argue that he would protect the American voter from inflation by controlling the expansion of the economy, reining in economic growth or redistributing existing wealth and the means of production. Recognizing that growth was important to the average voter who aspired to benefit from the increased opportunities for consumption in an expanding growth economy, Truman only promised anti-inflationary measures “designed to hold prices down while keeping production up, and increasing it as rapidly as possible.”²¹

Truman’s implication was, of course, that a Republican victory in 1948 would lead to the ruin of the American economy. This, Truman argued, playing on apocalyptic fears of the American public, would subsequently serve to strengthen the global communist movement for the American economy was the keystone of the Western world. By wedding the rhetoric of the communist threat and the necessity of achieving a productive corporatist economy to resist the USSR from expanding into Western Europe and beyond, Truman was able to introduce a palatable reason for promoting a corporatist

¹⁹ Ibid.

²⁰ “Address in Indiana at the Indiana World War Memorial, October 15, 1948,” 802.

²¹ “Address Before the American Society of Newspaper Editors. April 17, 1948,” 222-223.

economic system at home and for allowing the US to expend billions of dollars in financial assistance abroad. “A strong American economy,” Truman repeatedly insisted, “is the bedrock upon which rest the hopes for establishing a peace of free men in the world. Without it we can provide neither aid, nor leadership, nor example.” Without adequate measures to shore up the domestic political economy, the US could not be “the chief support of those people around the world who are seeking to rebuild their civilization in accordance with the principles of democracy and freedom.” Americans could “contribute our full share to a peace in which freedom and democracy will be secure,” Truman declared, “only if we preserve the soundness of our economy through prompt and adequate measures to control inflation.”²² Increasingly, Truman portrayed the US as bearer of the moral duty to maintain productive power and its participation in the international community in order that it could act as the guardian of the free, democratic, capitalist world.

In Truman’s stump speeches, he portrayed the US as having a terrific but honorable burden to bear, an obligation to lead the world to permanent peace against the incursion of international socialism. Should the American economy fail or even shrink, his logic went, citizens of the world, many of whom depended on US aid, would suffer and become ever more vulnerable to the lure of Stalinist forces. According to Truman, “the fate of mankind depends on the foreign policy of the United States” but this foreign policy, he argued, could not succeed without effective domestic policies that supported the American citizenry. Since American foreign policy was “a people’s foreign policy,” Truman argued that “its purpose is to win a people’s peace,” a peace that “demands a

²² “Address Before the American Society of Newspaper Editors. April 17, 1948,” 222 & 224.

people's government in Washington" capable of providing for the appropriate living standards and well-being of the world's citizens. But first, he concluded, US foreign policy "demands that we maintain here in America a firm democratic base for world democracy" and "a secure economic base for world recovery."²³ Since "this Nation's security begins with the welfare of its citizens,"²⁴ maintaining an economic expansion that benefited the American people was essential.

Truman found this rhetoric particularly useful to promote his own New Deal policies that were often unpopular with the Republican Congress. Without adequate taxes and control of inflation, the US would not, in Truman's estimation, be capable of maintaining its postwar prosperity and any such American economic struggles "would cut the ground from under the free nations of Europe."²⁵ Thus Truman's campaign strategy portrayed the Republicans as responsible not only for putting the American economy and people in jeopardy, but by rolling back social welfare measures and subjecting the economy to inflationary pressures, they also exposed US and global security to communist threats.

This position allowed Truman to argue for continued social welfare policies, a tactic that portrayed him as the kinder candidate concerned with the well being of American citizens and contrasted him with the hard-nosed Republicans who consistently shot down all of his liberal proposals. Truman continually employed language contending that "this great Nation must not stand still, it must not go backward; it must go forward – go forward to even greater heights of leadership in the world. To

²³ "Address at the Brooklyn Academy of Music, New York City. October 29, 1948," 929.

²⁴ "Campaign Address in Indiana at the Indiana World War Memorial. October 15, 1948," 805-806.

²⁵ "Message to the Special Session of the 80th Congress. July 27, 1948," 416.

accomplish this, our people must grow in strength, in wisdom, and in security. It is my prayer that with a strong healthy, united and well-educated people, and with the aid of Almighty God, we will lead the world to lasting peace.”²⁶ Social policies related to health, education and general welfare were thus, in Truman’s rhetoric, essential to the fight against communism and thus to US foreign policy as well. But, the real lynchpin was still preserving the health of the American economy, defined by its ability to grow and prosper, that would be able to secure better welfare for its citizens. For him, “the welfare of our own people, the effectiveness of our foreign policy, and the strength of our defenses all depend on our prosperity.”²⁷ Thus, on election eve, Truman implored the American voters, “as [they marked their] ballots tomorrow” to ask themselves “is this the best way to protect my home and my children for the future” and “is this the best way to insure a free and prosperous future.” He was confident that his campaigning had shown them that pursuing economic growth and assuming the role of democratic world leader was the best, most secure action for the US to take in the postwar period.²⁸

It was in this manner, amidst the intensifying conflict between capitalism and communism, that American political rhetoric came to associate economic growth and the opportunity to strive for abundance with the supposedly uniquely Western values of freedom and the free world’s advantage in the global struggle against international communism. Realizing the particular political and rhetorical valence this had in the Cold War environment, government and business establishments alike began to portray growth as synonymous with universal material abundance, freedom of economic action, and the

²⁶ “Campaign Address in Indiana at the Indiana World War Memorial. October 15, 1948,” 805-806.

²⁷ “Address Before the American Society of Newspaper Editors. April 17, 1948,” 224.

²⁸ “Radio Remarks in Independence on Election Eve. November 1, 1948,” *Public Papers of the Presidents: Harry S. Truman, 1948*. 940.

path to nurturing not only the political economy but also the treasured values of individualism, egalitarianism and the very soul of Western superiority, the democratic system itself. In the ideologically charged international competition of the Cold War, economic prosperity was portrayed as the very weapon that could slay the communist dragon in the East. Production and consumption, the free market and high standards of living, as long as they remained strong in the United States and elsewhere, would protect and strengthen the objectively true values embodied by Europe and America until the communist beast, with no misery or poverty to feed on, would be pushed back and starved until it submitted.

Truman continued to employ the winning rhetoric of his 1948 campaign during his second term in office, relying on and popularizing the twin pillars of what was fast becoming a well-integrated Cold War ideology, the productive America in which high living standards kept the “industrial peace” and the communist threat that could only be stemmed by virtuous American economic might. Buoyed by his successful bid for the presidency and the many Democratic victories in Congress, Truman resumed the fight for liberal legislation now known as the Fair Deal. His ambitious plans encompassed national health insurance, aid for education, a higher minimum wage, sponsorship of more affordable housing, repeal of the Taft-Hartley Act, direct subsidies of the American farmer, a number of civil rights measures and higher taxes to pay for it all.

Yet, Truman still did not advocate aggressive government intervention into the economy with the aim of redistributing wealth. Instead Truman appealed to the American people, Congress and business interests with anti-communist and productionist language that affirmed the importance of cooperative free market efforts needed to

maintain the continued economic expansion that was in the best interests of the “common good.” Having driven home a strong anti-communist message that often harped on the socialistic state control of the Soviet political economy, Truman was hard pressed to promote his measures in any other way and was forced to support a productive and freely operating American market that his political opponents could not dispute on ideological grounds.

The president’s economic report to Congress in January 1949 celebrated “another year of bountiful prosperity” that “enabled us to strengthen our economy at home, and further to supplement the recovery of freedom-loving peoples elsewhere to seek lasting peace.” This was achieved, Truman argued, “through the happy combination of our free institutions, our system of private enterprise upon which we primarily rely for economic results, our Government and the mutual respect and trust that we all hold for one another.” It was imperative, if the United States was to remain powerful in the world, to “consolidate our past gains and move forward to new levels of sustained prosperity for all.”²⁹ If the US failed to “expand our production steadily, we run into economic difficulties.” Thus, Truman argued, “We cannot stand still. We must expand if we are to remain prosperous.”³⁰ Economic growth remained the ultimate means to the ultimate end of creating a strong, free and capitalist economy.

Despite his liberal intentions, Truman continued to portray private enterprise and economic growth as the strength of the American system and embraced it as the true American tradition. In his economic address to the American people later that year,

²⁹ “Special Message to the Congress: The President’s Economic Report. January 7, 1949,” *Public Papers of the Presidents: Harry S. Truman, 1949*, (Washington, DC: US Government Printing Office, 1964), 13.

³⁰ “Radio and Television Report to the American People on the State of the National Economy. July 13, 1949,” *Public Papers of the President: Harry S. Truman, 1949*, 369 & 371.

primarily aimed at assuaging their fears concerning a slight dip in economic indicators, Truman insisted that “the history of the United States is a story of constant economic growth and expansion” and that “the tools are at hand for continued economic expansion.” In his advice on how to achieve this, Truman drew upon corporatist language similar to that advanced by the CED. The tools to promote continued American growth lay not in reforming the economy, but in opportunities to modernize plants, potentials for new business investment and, most importantly, in cooperation between labor and management to “[achieve] higher production and employment.”³¹ In order “to continue our economic growth,” Truman argued,

the major economic groups must all pull together – businessmen, wage earners, and farmers must work toward the same ends. Government, in turn, must carry out the aspirations of the whole people. Our success will depend upon the widespread conviction that all groups have a stake in the expansion of the economy – that all will share in the benefits of progress. In the days ahead we must broaden our understanding of how the various interests of our people are interrelated.³²

After the outbreak of a real war in 1950, a hot war, against actual communist enemies in Korea, Truman’s message grew ever more strident. The war and the general consensus reached in Congress, approving defense build-up, allowed Truman to press harder for increased production and to conflate the notions of defense, national security and international commitment with domestic economic expansion and welfare measures more easily. Now, he suggested, Americans had to

increase our capacity to produce and to keep our economy strong for the long pull. We do not know how long communist aggression will

³¹ Ibid.

³² US President, “Annual Message to the Congress: The President’s Economic Report. January 6, 1950,” *Public Papers of the Presidents: Harry S. Truman, 1950*, (Washington, DC: US Government Printing Office, 1965), 23.

threaten the world. Only by increasing output can we carry the burden of preparedness for an indefinite period in the future. This means that we will have to build more power plants and more steel mills, grow more cotton, mine more copper, and expand our capacity in many other ways.³³

The solution, Truman argued was to provide for “a production advance on a very broad front” achieved through a corporatist method that portrayed all members of society as the beneficiaries. The increased production that would help defend against communism

means more than the expansion of capacity and the improvement of tools in a few select areas. It means the application of business acumen and labor skills in a joint effort throughout the whole economy. It means the joinder of new science and new technology with the industrial machine. It means drawing upon all the resources, material and moral, which resides within our system of enterprise and government.³⁴

Political rhetoric now featured industrial and social cooperation to enhance production as a patriotic wartime duty. As families prepared to send their men off to war for the second time in a decade, Truman rallied the public once again, much as other wartime presidents had, but this time, the war was not only on the battlefield, but also in the factory as an all out industrial competition with the Soviet Union was called. The American duty was “to check aggression and to advance freedom.” Though the US had been the arsenal of democracy against the Nazi fascists, production during the Korean War was leveled not only against the actual combatant, North Korea, but also against the industrial might of the Soviets, potential suppliers of the international communist movement. The threat came not only from North Korean soldiers, but also from “the

³³ “Annual Message to the Congress on the State of the Union. January 8, 1951.” *Public Papers of the Presidents: Harry S. Truman, 1951*, (Washington, DC: US Government Printing Office, 1965), 12

³⁴ “Special Message to the Congress: the President’s Midyear Economic Report. July 23, 1951,” *Public Papers of the Presidents: Harry S. Truman, 1951*. 412.

great manpower under the control of Soviet communism” that was “being driven with fantastic zeal to build up industrial strength. We invite disaster,” Truman regularly cautioned, “if we underestimate the forces working against us.” The answer to this threat was “the economic strength of the free peoples of the world.” This strength was to be mobilized through unity of action and the applied, productive cooperative effort of every citizen.³⁵

In Cold War rhetoric this unified push for production was not to be limited to American society but was the responsibility of every freedom-loving group of people in the world. Pressed to represent the Korean conflict and the war on communism as a joint international effort, Truman predicted “if the free nations mobilize and direct their strength properly they can support whatever military effort may be necessary to avert a general war or to win such a war if it ever comes.” This was because “the resources are on our side,” but the question Truman posed to his public was “whether they will be used with speed and determination. The answer,” suggested a broadened cooperative effort as he announced that it “will depend on unity of purpose and action – unity among the free nations, unity here in the United States.”³⁶

By 1950, then, the entire “free world,” generally meaning Western Europe and the US, had become encompassed in the “common good” and cooperation for upholding it the collective responsibility of every freedom-loving citizen of the non-communist world. When Truman demanded unity and cooperation, the Western Europeans were included in his request. As the US and Western Europe became even more closely tied in complex

³⁵ “Annual Message to the Congress: The President’s Economic Report, January 12, 1951,” *Public Papers of the Presidents: Harry S. Truman, 1951*, 27-28.

³⁶ Ibid.

cooperative diplomatic arrangements, such as NATO and other mutual defense agreements, American leaders also demanded the industrial and public economic cooperation of the “free world” under an economic system that resembled that which had emerged at home in the US. “Unity is imperative on the economic front,” Truman would insist. “On this front, under the American system, everybody is involved – every businessman, worker and farmer; every banker and scientist and housewife; every man and woman. We can win our way through to ultimate triumph if we all pull together.” Resistance to this would not be tolerated, Truman implied as “decisive action, essential to our safety should not be halted by controversy now.”³⁷

Ultimately, then, the US government would also rely on this language as it attempted to enlist the European public to resist the Soviet enemy. The full mobilization against communism depended on full participation and contribution of all Americans and Western Europeans in an international growth economy based on what US officials termed a corporatist “American system” that supposedly provided for equal opportunity and upheld the “common good” by virtue of its cooperative aspects. Collaboration within this international neo-capitalist system was, US diplomats, politicians and businessmen continued to insist, the way to strengthen democracy in the face of communist aggression and preserve the objectively desirable collective and individual prosperity and free choice. The strategies advocated by the CED to solve domestic American social and economic challenges in the postwar period were thus internationalized in the early Cold War as global competition between two economic and social systems came to dominate international and domestic debate.

³⁷ Ibid.

Such cooperative efforts, “upon which our [Western] way of life depends,”³⁸ were frequently portrayed as the way to secure a “rising standard of living” that represented “our increasing freedom from toil and poverty.”³⁹ The “rising wages and rising standards of living based on increasing productivity and a fair distribution of income” allowing for increased consumption, the president had argued in the past, “is the American way.”⁴⁰ Imagery of slavery, toil and poverty, and slogans contrasting them to an American way characterized much Cold War political rhetoric and reflected anti-communistic strategies. These images only became more powerful with the outbreak of a war the government perceived as instigated by Soviet aggression. The USSR, Americans argued, represented a different system, a slave state governed by an impersonal industrial drive, while the American way represented the opposite values of freedom, choice, individualism and the possibility of attaining personal and collective wealth. As the Soviets portrayed the Western democracies as rife with class conflict, an American political rhetoric that emphasized cooperation, social harmony, “industrial peace” proved particularly useful.

Operating in a political environment that was rapidly making it uncomfortable for politicians to advance any policies that could be construed as remotely socialistic, Truman continued to depend on this type of language as he promoted his Fair Deal measures. “Economic expansion,” he resorted to arguing, “requires constantly rising living standards for our people.” The US “must therefore expand our programs of social security, education, health and housing.” Aware of massive conservative resistance to

³⁸ “Special Message to the Congress: The President’s Economic Report. January 7, 1949,” 13.

³⁹ “Radio and Television Report to the American People on the State of the National Economy. July 13, 1949,” 369.

⁴⁰ “Message to the Special Session of Congress. July 27, 1948,” *Public Papers of the Presidents: Harry S. Truman, 1948*, 418.

such suggestions, Truman maintained that this was not “wasting money” but “an investment in the future of this great Nation” as “the dollars we put into our rivers and our power plants will be repaid to us in fruitful valleys and prosperous communities. Expenditures for the health and education of our children will yield us untold dividends in human happiness.”⁴¹ According to him, it “was programs like these, for the benefit of the people, that saved business in the thirties, that are supporting purchasing power now, that are laying the foundation for increased prosperity in the future.”⁴² The key to a strong American economy, Truman insisted, was not to slash these social welfare measures but to stimulate the economy by implementing programs that would put money into the pockets of consumers and thereby producers as well. As long as these objectives could be portrayed as part of an international capitalist alternative to communist or socialist means of redistributing wealth and achieving collective prosperity, Truman could foster public support for otherwise liberal policies.

The onset of hostilities with Korea allowed Truman to push these issues. Thus, in his midyear economic report of 1951, Truman advocated “that we must resume, as soon as we can, the programs which can only temporarily be curtailed without ultimate sacrifice of economic power.” This included, “the expansion of educational and health facilities, of long-range resource development and housing” to “avoid serious impairment of our national strength.” Truman implored Congress to recognize that “in a protracted period of partial mobilization, the distinction between defense and non-defense activities is not as clear as in a total war.” The purpose of mobilization, Truman claimed, was “to

⁴¹ “Radio and Television Report to the American People on the State of the National Economy. July 13, 1949,” 371-372.

⁴² Ibid., 374.

build reasonable power, and to reinforce it with the underlying productive capacity and basic economic strength which will enable us to be ready for any problem of the future. That underlying strength, for the long pull,” Truman insisted, “includes education and training, health services, development of natural resources, and scientific progress.”⁴³ After all, as Truman pointed out, “we should do all we can to make sure our children are being trained as good and useful citizens in the critical times ahead,”⁴⁴ times that the rhetoric of the era portrayed as destined to be wrought with ideological struggles of unforeseen proportions between the American and Soviet way of life. By educating and training US citizens to effectively participate in the corporatist economy, Truman and others could argue that they created the conditions for inhabitants of Western democracies to reap the benefits of the expanded economy they participated in creating and enable them to resist the temptations of the redistributive solutions advanced by Soviet style communism.

Despite his attempts to link it to national security, this last ditch effort at squeaking liberal social legislation through Congress as a rule proved ill-fated as it was thwarted by a strong coalition of Southern Democrats who opposed Truman’s civil rights efforts and Republicans who had aimed at keeping taxes and government expenditures, with the exception of those required for defense, low. By mid 1951, Truman had experienced a minor legislative victory, however, as Congress finally approved tax increases to support the war in Korea and the rhetoric of freedom resulting from an economy of abundance had become firmly entrenched in US politics. Truman’s oratory celebration of the tax legislation presented it as proof “that the American people are ready

⁴³ “Special Message to Congress: the President’s Midyear Economic Report. July 23, 1951,” 166.

⁴⁴ “Annual Message to the Congress on the State of the Union. January 8, 1951,” 12.

to pay the price of protecting our way of life” as these taxes “helped stabilize the economy and aided in halting the price rise.”⁴⁵ High levels of production, consumption and standards of living were again conflated with the concept of the American way of life that always, in the political rhetoric of the time, stood in stark contrast to the Soviet way of life by virtue of the fact that it allowed each citizen to produce and consume at will.

As a result of this heavy use of corporatist and anti-communist language in political life, in the late 1940s and 1950s, the American public was firmly surrounded by a coherent wall of rhetoric pounding home the message that American economic growth, productive capacity and consumptive success were the keys to securing not only American prosperity but also survival in a world threatened by potential communist domination. In addition to Truman’s constant rejoinders, this rhetoric emitted from many other camps, liberal and conservative, government and non-government alike. While more conservative groups might not insist that Fair Deal policies were the answer to creating a stronger and wealthier America, they certainly agreed that a more productive America was the way to social and economic stability, as well as global security, and unabashedly used this same rhetoric to further their own causes as well.

Historian Robert Griffith has noted the emergence of this

postwar intellectual and cultural consensus [that] was manufactured by America’s . . . leaders, packaged by the advertising and public relations industries, and marketed through the channels of mass communication. Although many Americans remained skeptical of and resistant to such a sell, they nevertheless found themselves surrounded by a persuasive and constantly reiterated vision of the United States as a dynamic, classless, and benignly consensual society.⁴⁶

⁴⁵ “Special Message to the Congress: the President’s Midyear Economic Report. July 23, 1951,” 413.

⁴⁶ Griffith, “Forging America’s postwar order: domestic politics and political economy in the age of Truman,” 85.

It was exactly this classless, consensual, economically productive society that, US leadership advanced, could effectively resist communist incursion. While Truman incessantly argued that “the great motivating force in our economic system is the perpetual will to move ahead, to use our skills and our resources more effectively, to produce more at a lower cost, and to provide a better and richer life for all our citizens”⁴⁷ to promote his policies, the private sector, that would clearly benefit from economic growth and “industrial peace,” mobilized similar rhetoric to drive home the same message.

The dependence on this rhetorically useful consensus-driven language among key leaders in government, industry and the new marketing organizations, whether broadly accepted or not, would have important consequences for the Marshall Plan in Europe. This was especially true of the marketing and public relations function of the ECA as the corporatist, productionist rhetoric relied upon by the CED and the Truman administration to promote growth and support for international security would also become inherent in the marketing of Marshall Aid to Europe. This was, in part, by virtue of the fact that key members of its administration came from the circles that most aggressively strove to consolidate this social and economic political consensus at home in the US. As the CED and the organizations its members had infiltrated earned key roles within the ECA, the formulation of the principles and marketing of foreign assistance to Western Europe would closely resemble the efforts undertaken to promote the same Cold War, anti-communist, corporatist consensus of corporatist economic growth pursued at home in the United States.

⁴⁷ “Annual Message to the Congress: The President’s Economic Report. January 6, 1950,” 19.

A particularly notable effort of domestic promotion of the corporatist solution that would have direct influence on ECA work was the public relations campaign launched by the Advertising Council in November 1948 called the American Enterprise System. The Advertising Council, a volunteer industry organization with strong ties to both the White House and the CED (Paul Hoffman served on its Industry Advisory Committee and its Public Policy Committee) was another quasi-public, quasi-private organization formed during the war years to promote its own interests while simultaneously supporting public needs. Driven by the advertising industry's concerns that statist controls might create a political economy with no place for advertising, the Council joined the CED in promoting a moderate, free economy and had ingratiated itself to the wartime government by providing the advertising expertise essential to selling official wartime programs such as the war bonds drive.⁴⁸ After the war, the Council continued to cooperate with the government but also accepted projects proposed by non-government actors.

Like the CED, the Advertising Council embraced a corporatist philosophy and saw the role of advertising to be that of "securing public action informally through mass persuasion rather than through force of law, 'voluntarily' as the Council termed it, rather than through 'compulsion.'"⁴⁹ Thus, the Advertising Council hoped to reach the public not only for the purposes of encouraging particular consumer habits, but also to encourage specific political attitudes and behavior that would, in the long run, further its membership's interests. The Advertising Council considered this work to be in the public

⁴⁸ For a detailed discussion of the formation of and the wartime efforts and aims of the Advertising Council, see Daniel Lee Lykins, "Total War to Total Diplomacy: The Advertising Council, Domestic Propaganda and Cold War Consensus," (Ph.D. diss. University of Kentucky, 1998), chapter one.

⁴⁹ Robert Griffith, "The Selling of America: The Advertising Council and American Politics, 1942-1960," *Business History Review* (Autumn 1983): 394.

service of contributing to the creation of a better, stronger, more productive America achieved freely, or voluntarily, through a free economy rather than through government imposition and intervention in the economy. By the late 1940s, this aim coincided nicely with the rhetoric emanating from the White House and thus the Council's message dovetailed nicely with the President's project of shoring up public support for sustained economic growth and expensive international obligations.

In this spirit, the American Enterprise System campaign was aimed at "re-educating Americans in the American way of life,"⁵⁰ and the "American way of life," according to this project, was embodied in American Free Enterprise. This effort was proposed by the Association of National Advertisers and the American Association of Advertising Agencies "to promote a better understanding of how the American economic system works" and was focused on what the Advertising Council and the sponsors found to be "the most distinctive economic fact about America – our prodigious ability to mass produce," a trait that allowed Americans "to share the benefits increasingly and so achieve the highest standard of living the world has ever known."⁵¹ Advertisements and specials promoting these aims were carried in magazines, radio programs, billboard advertising, newspapers and specially released pamphlets. Furthermore, the Council prepared a focused booklet, offered free through every campaign advertisement, entitled

⁵⁰ Quoted in William H. Whyte, Jr, *Is Anybody Listening?* (New York: Simon and Schuster, 1950; reprint, 1952), 6 (page references are to reprint edition.)

⁵¹ Annual Report of the Advertising Council 1948-1949, 13/2/202, folder 480, Advertising Council Archives, University of Illinois at Urbana-Champaign.

The Miracle of America, 550,000 copies of which had already been requested after the first six months of the launch of the American Enterprise System.⁵²

The Council took every liberty and opportunity to point out that this program and the accompanying advertisements enjoyed the “unique endorsement of leading representatives of management, labor and the public.”⁵³ Indeed, every piece of information released through this project bore the signatures of these representatives – Paul Hoffman, now head of the ECA, represented industry, Boris Shishkin, AFL economist, labor and Evans Clark, executive director of the Twentieth Century Fund, stood for the public.⁵⁴ With the endorsement of the three main groups of the political economy secured, the Advertising Council’s leadership sought to accentuate the inclusive nature of the American Economic System and its ability to meet everyone’s needs and create conditions to support the “common good” that the CED had promised. The hope, of course, was that the public would embrace these concepts and fully integrate into a cooperative political economy thereby contributing their full effort to American economic growth.

The American Economic System campaign’s specially prepared pamphlet, *The Miracle of America* is perhaps the most concise articulation of the manner in which the Advertising Council attempted to explain to the public “how and why our economic

⁵² By the end of the first year of the campaign, the Council also estimated that the total print circulation of American Enterprise System ads was over 80,000,000 and that outdoor advertisers had donated 4,000 panels toward carrying these promotions. See the Annual Report of the Advertising Council 1948-1949.

⁵³ “How Business Helps Solve Public Problems, A Report on the Eighth Year of the Advertising Council, March 1949-March 1950,” Entry 1051, Box 12, RG 469, NARA.

⁵⁴ Annual Report of the Advertising Council 1948-1949.

system has provided us with the highest standard of living the world has ever known.”⁵⁵ By making sweeping claims about an American tradition of productivity, its benefits and the future direction of the American political economy, this pamphlet echoed the rhetoric of the CED and the campaign of 1948 by firmly associating American economic success with democratic traditions of individualism and preserving freedom to act. This, the publication implied, allowed for a true free enterprise system far superior to any other and one that would provide fairly for its workers under any circumstances.

Narrated by Uncle Sam himself, *Miracle of America* drew upon revolutionary mythology and recounted the tale of an industrializing America made capable, somehow, by the American Revolution that had allowed men “to think and act as they pleased.” Since what Americans really “wanted” was “a new economic freedom,” and the Revolution had unleashed the creative powers of Americans, this publication suggested that the War for Independence was truly revolutionary as it allowed for massive technological improvements and inventions inspired by the individual creativity that imperial rule had suppressed in the colonists. “When our people realized that they were free to shape their own destinies,” *Miracle of America* insisted, “they began to devise machines which multiplied each man’s work power” and “found new and improved ways of designing factories and work flow – so that goods were turned out more quickly and cheaply.”

The end result, Uncle Sam promised, was that these inventions, inspired by the democratic system of government and the empowerment of individual initiative, allowed the individual to work more productively for fewer hours all while earning the higher

⁵⁵ “How Business Helps Solve Public Problems, A Report on the Eighth Year of the Advertising Council, March 1949-March 1950.”

wages garnered from the escalating productivity's ability to enhance industry profits. Thus, the American system, the Council seemed to suggest, was far superior to any despotic rule, like the Soviet system, that quashed freedom and incentive thus preventing the cooperative attainment of productivity and high standards of living. For, the Advertising Council promised, since the American experience had shown that "it is in the long run interest of all to pay labor progressively higher wages in relation to prices; to do this by progressively increasing productivity per manhour through the application of constantly greater mechanization, power, efficiency and skill in the processes of production and distribution; and to reduce hours of labor and improve real income while increasing the volume of production and distribution," all would benefit from free-enterprise. The American Economic System duly rewarded all deserving individuals who contributed to the "common good."

The *Miracle of America* also set out to explain "why freedom and security go together." According to Uncle Sam and the Advertising Council, "men follow two great impulses – to be politically free and to be economically *secure*" and that "freedom and economic security *must* grow together." America, the Council proposed, was the best example of a nation that had secured the safety of its citizens through something as simple as allowing them to freely produce and consume. Americans, this pamphlet suggested, were secure not because they were literally protected or well armed, but because they felt economically secure and because they enjoyed the freedom to produce increasing amounts of consumable items. Dictatorships, *Miracle of America* suggested only "promise security if the people will give up freedom," economic or otherwise.

However, the Advertising Council argued, this would not generate the true mark of a secure society, freely obtained high standards of living.

Standards of living, defined as “the things [people] are able to buy with what they earn” could only be secured through a free enterprise system. The real miracle of America, this campaign implied, was “that men *can* raise their level of living by greater productivity if they are *free* to do it.” Indeed, the central theme and slogan of the campaign itself was “The Better We Produce, The Better We Live.” Abundance, permitted by the American Economic System that had generated the highest standards of living in the world and “three and a half times more money available for old-age and unemployment insurance than in 1941,” was, according to the Advertising Council, the true basis for American security. Thus, the logic went, any threat to economic freedom would compromise true political freedom as well and *visa versa*.

Lest their readership be confused about which system the Council implicitly referred to as oppressive, the authors of *Miracle of America* presented a graph from the population reference bureau in Washington showing the “level of living of the earth’s people.” The US ranked number one, the USSR number twenty-four. A caption, however, noting that the chart was dated, promised that “latest figures show that the American standard of living has risen until it is now about 10 times higher than that of Soviet Russia.” The American business community also found the internationally charged rhetorical tools standards of living and anti-communism to be useful to their efforts to secure an “industrial peace” and promote the growth economy that would further their own interests without appearing to be out for their own specialized gains. By directly contrasting the US with the Soviet Union, increasingly perceived as the evil

empire, the Advertising Council hoped to stir support for the free enterprise system that provided Americans with expendable income, freedom of choice and opportunities to buy things “with what they earn” and above all protected them from an oppressive political system.⁵⁶

The Advertising Council’s promotion of the American Enterprise System closely paralleled CED’s celebration of free-enterprise. CED rhetoric insisted that this “economic system chosen by the American community . . . permits the maximum freedom to the individual consistent with the common good. It supports and reinforces political liberty and provides the greatest opportunities for the development of all men and the attainment of their individual as well as their common aspirations.”⁵⁷ Just as the Advertising Council argued that Americans needed to know more about their economic system so “that Americans will not only have a greater appreciation of its benefits but be better able to refute the arguments of those who would destroy it,”⁵⁸ members of the CED also argued that protecting and advocating their vision of a corporatist, neo-liberal free enterprise system, both at home and abroad, was the best line of defense for the US. This, William Benton argued in 1949, “is our present answer to the European brands of socialism. Long may it thrive.” To ensure the long-term survival of the American system and capitalism, Benton argued, “the government has a *positive* and *permanent*

⁵⁶ All quotes and information in the above paragraphs concerning *The Miracle of America* are from the pamphlet itself. *The Miracle of America*, 13/2/207, folder 486A, Advertising Council Archives, University of Illinois at Urbana-Champaign.

⁵⁷ *The CED . . . A Framework for the Postwar Economy*.

⁵⁸ From the Annual Report of the Advertising Council 1948-1949.

role in achieving the common objectives of high employment and production and high and rising standards of living for all people in all walks of life.”⁵⁹

Contemporary critics recognized the usage of such turns of phrase as American business taking refuge behind nonpartisan rhetoric to advance their own interests rather than having the courage to face problems concretely. William Whyte, editor of *Fortune* magazine, who estimated that industry had spent over \$100,000,000 on educating the public and its employees of the benefits of the American economic system, attacked corporate leadership for engaging in such a campaign that did not actively address issues on political terms and felt these actions represented “a shocking lack of faith in the American people, and in some cases downright contempt.”⁶⁰ According to Whyte,

the businessman engaged in the campaign is not sure *what* he is trying to communicate. The why is plain enough: to oversimplify, he is doing it because he is sincerely worried over what has been happening at the polls. What he is after, to put it bluntly, is a Republican victory. As a partisan in the great debate, he has an excellent case. But he shrinks from debating it as such. Instead, he has cherished the illusion that he can be politically persuasive and nonpartisan in the same breath. Thus has he embarked on the Free Enterprise campaign, maintaining – even to himself – that what he is saying has nothing whatsoever to do with why he is saying it. He is, he protests, merely presenting ‘the facts.’ The ‘facts’ frequently are not the facts – but, . . . the conclusions. The conclusions may be sound. As long as they are essentially political, however, the claim of nonpartisanship simply makes business look silly.⁶¹

While business interests may well have pushed for conservative measures regarding the political economy and resisted the more liberal welfare proposals of

⁵⁹ From the text of William Benton’s 1949 speech to the CED Board of Trustees. Quoted in Collins, “American Corporatism: The Committee for Economic Development, 1933-1945,” 171.

⁶⁰ Whyte, 7-8.

⁶¹ Ibid., 11-12.

Truman and other Democrats, they retreated into the same nonpartisan strategies employed by their Democratic peers to support their cause. Truman himself, with limited room for political maneuver in a relatively conservative political environment, relied on the same consensual language promoting an American system that supposedly removed the potential for functionally driven social conflict. Surely not all Americans bought into this consensus or even supported it. Political debate and class interests did not simply shrivel away to yield to a more harmonious social order, but the presence of some type of *symbolic* Cold War consensus used by spin-doctors of all persuasions is undeniable.

What emerged in the late 1940s was a useful political language that sought to mollify potential ideological conflict at home by emblematically neutralizing controversial issues and minimizing the existence of any class based or functionally driven conflict in the American political economy. This was achieved by employing a rhetoric of “apolitical politics” predicated upon an all-inclusive free enterprise system and equal opportunity economic growth. This language became increasingly useful in a Cold War against a communist enemy whose insistence on the existence of conflicting class interests made it easiest for Americans to retreat into rhetoric that insisted class warfare was not a meaningful component of the American system. Ironically, on the international scene, this rhetoric, which its manipulators desperately struggled to present as an apolitical consensus builder at home, became highly politicized as it was mobilized as the ultimate ideological weapon against the Soviet Union and communist insurgencies everywhere.

The US system itself, characterized by a democratic, scientifically engineered productivity and universal access to its abundance, would come to represent the

benchmark of international political victory over the Soviet Union. The rhetoric of “apolitical politics of productivity” and abundance became a uniquely American rhetorical tool in part because of the perceived necessity for an industrial, political and diplomatic competition with the Soviet Union that required, Americans argued, the Western world to prove capitalism’s merits.

In 1947, Kennan urged US economic prosperity forward with his “Sources of American Conduct” in which he observed that “the failure of the United States to experience the early economic depression which the ravens of the Red Square have been predicting with such complacent confidence since the hostilities ceased would have deep and important repercussions throughout the Communist world.” However, he also warned Americans that “exhibitions of indecision, disunity and internal disintegration within this country have an exhilarating effect on the whole Communist movement.”⁶² What was needed in the intensifying conflict between the West and the Soviet Union, US leadership argued, was a way to present a unified, capitalist front that suppressed any of the conflicts embedded in the democratic capitalist system. The corporatist “apolitical politics of productivity” employed by the neo-liberal mavens of CED and the Advertising Council offered US officials and political hopefuls a language and the outlines of a political economic system that fit this need.

This nonpartisan, “apolitical” Cold War consensus firmly welded ideas of American individualism and the growth economy expressed in terms of high productivity, consumption and living standards to the notion of protecting democracy in the face of communist aggression. Having become trapped in the widespread

⁶² George F. Kennan, *American Diplomacy*, (Chicago: The University of Chicago Press, 1951; reprint expanded edition, 1984), 127 (page numbers from reprint edition).

acceptability of this language, politicians and opinion makers found themselves limited to justifying all of their actions in its terms.⁶³ Though proposed policies still maintained some actual nuance and complexity, the language with which they were promoted and discussed often retained a deceiving monolithic and simplistic quality. This was true not only of domestic policies but of international ones as well. Understanding the function of this Cold War rhetorical consensus is thus essential to uncovering the true meaning of foreign policies like the Marshall Plan, US economic assistance and modernization projects for they too rested on the language of productivity, living standards, consumption and “industrial peace.” The answers to the true intentions and accomplishments of, as well as the reactions to, these foreign assistance policies can be obscured by the rhetoric American officials employed to promote them.

Ultimately, the many American officials charged with the duty of implementing foreign aid themselves fell victim to the reductionist oversimplifications and generalizations frequently propagated by the rhetoric of the “apolitical politics of productivity.” To promote US security and international economic interests, American officials charged with the duty of formulating and executing foreign policy relied upon the combined language of economic growth and anti-communism to sell their ideas to an often resistant Congress and, to their surprise, a sometimes hostile foreign public. Their dependence upon this Cold War rhetoric resulted in misunderstandings and misrepresentations of reasonable and natural domestic and foreign reactions to American

⁶³ A number of scholars have suggested that the anti-Communism of the 1940s and 50s severely limited American political debate and a natural range of political alternatives. These historians have not, however, dealt with the convergence of the politics of growth and productivity with anti-Communist rhetoric. See Richard Freeland, *The Truman Doctrine*, Athan Theoharis, *Seeds of Repression* and Ellen Schrecker, *Many Are the Crimes: McCarthyism in America*, (Princeton: Princeton University Press, 1998).

policies aimed at securing European economic recovery. This generated a fairly unresponsive foreign economic policy that failed to take into consideration decades of European attitudes toward industrial modernization and US industrial policy. The end result was that due to the prevalence of neo-liberal capitalist advocates and enthusiasts in the State Department and Marshall Plan administration, US officials ultimately obscured and ignored the useful history of the European experience with and reaction to the economic modernization and corporatism of the 1920s upon which CED philosophy was built.

Had US policy proved more responsive to these past encounters, that in many ways anticipated many issues raised in the Marshall Plan era, and focused less on the perceived meaningfulness of Cold War imperatives they might have more accurately predicted the European response to American efforts to promote Marshall assistance abroad. Though not completely detrimental to US foreign policy, the failure to proactively anticipate Western European response to the rhetoric of increased productivity, consumption and the pre-eminence of a neo-liberal American economic system ultimately complicated US-European relations at the most basic level and often opened the door for public criticism of the US by Western European opinion leaders. Moreover, the US insinuations that elevated productivity and industrial consensus building were natural outgrowths of a unique American-way aggravated many Europeans who already feared the preponderance of US power in the postwar period and were quick to conclude that Americans were an arrogant bunch. The rhetoric of “the apolitical politics of productivity” thus complicated US policy on the ground in the Marshall Plan countries and revived old hostilities and preconceived notions Europeans held of

Americans and the American system. Ultimately, these public relations problems would only complicate both relations between the US and Western Europe and domestic politics on both sides of the Atlantic.

Chapter Three

The Logic of US Assistance: Trade, Sustaining American Economic Growth and Saving Europe from Communism

My entire program is based on the premise that only we have the material resources, the mastery of the industrial arts, the strategic position and the organizational drive to lead the fight for peace. Reluctant as we are to assume our new role in the world, we must play it well or assent to dark days of chaos as preface to the unending night of totalitarian enslavement.¹

- Paul Hoffman, *Peace Can be Won*. 1951.

The Truman administration formally announced its intentions to pursue a large-scale plan for European economic recovery on June 4th, 1947 with George Marshall's speech at Harvard University. The plan, Marshall claimed, would aim at "restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole" by remedying the serious "dislocation of the entire fabric of European economy" that had resulted from the war and had been "retarded by the fact that two years after the close of hostilities a peace settlement [had] not been agreed upon." The USSR was, of course, the primary stumbling block to the specific European peace settlement the Americans wanted, one that would unify Germany and set it on a path toward recovery and democracy. However, the government claimed that "our policy is directed not against any country or doctrine but against hunger, poverty, desperation and chaos" and that "its purpose should be the revival of a working economy in the world

¹ Hoffman, 35.

so as to permit the emergence of political and social conditions in which free institutions can exist.”²

Despite its potential humanitarian impact and diplomatically neutral language, the Marshall Plan was in many ways a tool employed by American diplomats who had deemed, for a variety of reasons both realistic and ideological, that European recovery would be essential to US economic and security interests. The Truman administration and liberal business interests represented by groups like the CED feared that the poor economic condition of European nations could lead to autarkic economic conditions. Furthermore, European nations, occupied with their own domestic challenges, appeared resistant to cooperating with American aims of creating an international economic and commercial system that the executive branch felt would maintain global stability by creating a unified European bloc capable of supporting both the American commercial and geopolitical interests. International assistance would create the appropriate conditions for the creation of the multilateral, integrated and cooperative global system, dominated by the US, that the liberal internationalist leadership felt was the answer to American economic and security problems.

Though US postwar economic well-being was on the mind of many US lawmakers, dry economic discussion and visions of a global system based on Hullian and Wilsonian terms failed to sufficiently motivate a large number of Congressional leaders to endorse the exorbitantly expensive international aid project the Truman administration and its supporters felt was necessary to achieving their objectives. Marshall Plan

² “Remarks by the Honorable George C. Marshall, Secretary of State, at Harvard University, June 4, 1947,” United States Department of State, *Foreign Relations of the United States, 1947: vol III, Western Europe*, (Washington, DC: United States Government Printing Office, 1974), 237-238.

proponents countered such resistance by packaging and marketing their foreign assistance project in terms that the US public had responded to domestically, playing upon themes of American economic success and freedom from communism to stimulate broader support for their plan. Without European recovery, the executive branch and liberal business interests argued, American economic growth, capable of guaranteeing the widespread production and consumption so desired in the postwar period, would be rudely interrupted, possibly leading to economic depression at home in the United States. Furthermore, deteriorating European conditions would, these men threatened, severely weaken Europe's resistance to communism and allow Soviet power to rapidly spread to France, Italy, Germany and beyond, thereby leaving the Americans with few democratic, freedom-loving allies in the world. The political rhetoric of US economic growth and anti-communism that had provided opportunities for ideological truces in American politics and an opening of an unusually constructive discursive space in Cold War era politics also paved the way for an often divided Congress, known for refusing to pass most domestic social welfare measures and public projects, to finally sign the European Recovery Program (ERP), a controversial, federally funded global welfare policy, into law in April of 1948.

When it came to actually implementing Marshall Aid in Europe and encouraging the specific European behavior and attitudes that American administrators deemed essential to supporting US political and economic intentions, the ECA, dominated by Paul Hoffman and fellow CED members, usually shied away from employing anti-

communist rhetoric and depended instead upon the “apolitical politics of productivity”³ as they implemented their plans to reconstruct European economies into an integrated, economically sound unit capable of resisting outside pressure. Curtailed by European political and social conditions as well as Soviet pressures, US aid officials abandoned the anti-communism that had proved most effective in eliciting support for the Marshall Plan at home. Instead, the Marshall Plan in Europe was by and large discussed in terms similar to those the CED had used to describe the postwar economy of the domestic market and referred frequently to the improvements in production, consumption and distribution that US assistance could offer Europeans if only they cooperated with the American prescriptions that had achieved such purported economic miracles in the United States.

The impetus for a comprehensive American program of European economic recovery in the postwar era came from a number of sources. Many saw opportunities for expanded commercial interaction with Europe, some Americans wished to fulfill their idealistic Wilsonian visions of an integrated and peaceful world, adherents of *realpolitik* saw security implications in plans for an integrated European system while still others perceived Western Europe as the last bastion against communist domination of the European continent.⁴ The truth is, the motivations behind the Marshall Plan and the

³ This term is borrowed from Charles S. Maier, “The Politics of Productivity: Foundations of American International Economic Policy after World War II.”

⁴ There is a significant body of scholarly work on the motivations that lay behind Marshall Aid. Celebratory works insist that the Marshall Plan was conceived purely as a way to save Western European from Communist domination. See, for example, Gregory A. Fossedal, *Our Finest Hour: Will Clayton, the Marshall Plan, and the Triumph of Democracy*, (Stanford, CA: Hoover Institution Press, 1993) and, though to a lesser extent, Charles L. Mee, Jr., *The Marshall Plan: The Launching of the Pax Americana*, (New York: Simon & Schuster, 1984). Revisionist scholars of the William Appleman Williams school have argued that the ERP was merely part of a greater push by the government to secure international markets. Among those who advance this point of view is Richard M. Freeland. Alan Milward in *The*

subsequent aid to Europe that was funneled through the Mutual Security Agency (MSA) in the 1950s were many, varied, changing and certainly not mutually exclusive. While the ERP and the other assistance programs resulted from the conscious and meticulous planning of the US foreign policy establishment, they were also outgrowths of American social, economic and political trends and thus bore the imprint of America's own struggle to determine the ideal postwar political economy, reach solutions that would establish peaceful postwar social relations and contribute to creating the conditions necessary for domestic economic growth and both national and international security.

Many scholars have argued that the post WWII era afforded the United States an opportunity unique in its history, as Charles Maier has argued, the occasion to "secure Western economic ground rules according to its own needs and visions."⁵ Marshall Aid was in many ways the product of the debate that had brewed for decades in the United States regarding the appropriate form of the political economy. As American private and public interests wrangled over how to structure their domestic economy, they simultaneously struggled to advance their own vision of the ideal international economy and the most appropriate international economic role for the US. For decades, many American political and business leaders had debated what form of international political

Reconstruction of Western Europe, 1945-51, (Berkeley & Los Angeles: University of California Press, 1984), a book that attempts to evaluate the macroeconomic impact of the ERP, also suggests that the Marshall Plan was primarily driven by economic concerns but also recognizes it as a political policy to integrate Europe. While no works totally discount the economic intentions of the Marshall Plan, other works emphasize it less and instead suggest that the Marshall Plan was an expression of a grander national security strategy of the United States driven by broader, geopolitical security interests and the logic of the State Department's policy of containment as well as economic concerns. See John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy*, (New York: Oxford University Press, 1982) and Michael J. Hogan, *The Marshall Plan: American, Britain, and the reconstruction of Western Europe, 1947-1952*, (Cambridge & New York: Cambridge University Press, 1987).

⁵ Maier, "The Politics of Productivity: Foundations of American International Economic Policy after World War II," 608.

economy would best serve US interests. Throughout the Progressive Era, most had defended a classical approach to the global economy stipulating that specialization, economies of scale, comparative advantage and nondiscriminatory trade would enlarge and stimulate a liberal international economy so long as it remained unfettered of government intervention. By and large, the government had backed this vision, but, recognizing that success in the international economic system supported national strength, occasionally intervened in international commerce to partner with business interests to broker such stabilizing international arrangements as the Dawes Plan and to foster international conditions that might encourage overseas private business and lending. At the heart of this Progressive commercial philosophy was the belief that stimulating trade and international commercial networks that would expand markets and the availability of goods would elevate standards of living globally and gradually improve the lot of mankind.⁶

Just as the Great Depression had challenged most tenets of economic orthodoxy, its catastrophic impact on the highly interdependent, privately driven global economy also served to cast doubt on the wisdom of liberal international trade policies, a cornerstone of *laissez-faire* economic theory. It also shrank the expansive and idealistic visions of supporting global social improvements through liberalized trade as Americans turned inward to reflect on the dire straits many of their own citizens faced in this time of economic hardship. As early as 1933, some New Dealers acted on these reservations and

⁶ For details on Progressive era business and commercial history and viewpoints on international commerce and its connection to diplomacy, see especially Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930*, Cambridge: Harvard University Press, 1999). Rosenberg's earlier book, *Spreading the American Dream: American Economic and Cultural Expansion, 1890-1945*, (New York: Hill & Wang, 1982), 14-62 also gives a comprehensive treatment of the development of this idealistic, international commercial policy of the Progressive era, its centrality to American foreign relations and its development in the first half of the twentieth century.

pushed for the implementation of stringent protective measures that would allow the government to insulate American industries from the fluctuations of the freely operating international market. Though the FDR administration had originally backed Secretary of State Cordell Hull's determination to stay the course and work toward building a liberalized multilateral world economy rather than endorsing nationalist, government supported economic policies, FDR ultimately permitted the implementation of some autarkic measures that increased tariffs and quotas and depreciated the dollar thereby creating conditions for the government to intervene more directly in controlling US participation in international trade.⁷

The debates spurred by WWII regarding postwar planning and the future extent of government involvement in the economy continued to address US commercial interests in the postwar era. Despite the increase in protectionist measures during the New Deal era, many leaders, including Hull, Stimson and, having returned to his original position, FDR himself, remained committed to not only liberalizing trade but also to creating an integrated global economic and commercial system designed to facilitate private commerce. This postwar economic system, though liberalized in the traditional sense, was to be regulated through an international economic structure loosely governed by such international, cooperative structures as the Bretton Woods system, the International Monetary Fund, the International Bank for Reconstruction and Development, the International Trade Organization and the General Agreement on Tariffs and Trade.

⁷ James R. Moore argues that FDR adopted this nationalist policy as Europeans rejected his initial suggestions for achieving a cooperative worldwide economic recovery. He thus concludes that New Deal economic policy became what it was in part because of European actions. See Moore, "Sources of New Deal Economic Policy: The International Dimension," *Journal of American History* 61 (December 1974): 728-744.

These organizations would, their creators hoped, prove capable of preventing a runaway domino effect in the global economy resulting from downturns in individual economies, a condition that might, these leaders felt, contribute to international conflict. Ultimately, this view prevailed as the government planned for the postwar period. Labor-intensive manufacturing businesses, who had championed the protectionist measures adopted during the Depression, fearing foreign competition in tough times when American prices were fixed, a situation they felt would undermine the competitive position of American manufactured products,⁸ were overpowered by the capital-intensive, big-business interests represented by the CED who supported liberalized and expanding markets and who had won such influential representation in wartime Washington.

These liberal internationalists represented a political culture that became dedicated to not only a domestic growth economy but also an overall expansion of global economic activity that not only enhanced the US trading position, but would also, they argued, create the affluence that could prevent the economic chaos that had been contributing factors to both WWI and WWII. In their thought, a liberalized global economy would remove the trade barriers, monetary controls, devaluation of currencies, imperial preferences and trading blocs that had supported economic nationalism during the 1930s as nations attempted to protect their foreign reserves, access to raw materials and trade surpluses in difficult times. This economic behavior, internationalists argued, had directly contributed to the rise of dictatorships and ultimately war.

⁸ Ibid., 730 & 739. For a complete treatment of New Deal foreign economic policy see Lloyd Gardner, *Economic Aspects of New Deal Diplomacy*, (Madison, The University of Wisconsin Press, 1964.)

In spite of ongoing resistance to its position from Congressmen who continued to advocate protectionist and isolationist measures, in the postwar period, the US government resumed its support for the Progressive tradition it had begun early in the 1900s, the creation of a corporatist postwar liberalized global economy characterized by a symbiosis between private business interests and government sponsorship both at home and abroad. Creating such a system, its proponents felt, would strengthen American commercial interests, sustain US economic growth and create a global economic and social atmosphere conducive to a peaceful postwar era.⁹ Thus, Lend-Lease, the Atlantic Charter and the Four Freedoms, the closest approximations of an articulation of war aims by the FDR administration, all emphasized, as did liberal business prescriptions for the domestic economy, the need for achieving the New Deal goals of improved living conditions accomplished, not through re-distribution, but by increasing production, consumption and the efficiency of the global distribution of products.¹⁰

US assistance to Europe grew, in part, out of this wartime public-private political and economic consensus that a liberalized yet integrated international economy would most effectively further American interests. Even in the years before US entry in WWII, many in public and private leadership had pushed for this approach and encouraged involvement in the war as they feared their interests would be severely threatened by an

⁹ Michael Hogan argues that the diplomacy of the entire period from the end of WWI right through the Marshall Plan era can be understood as a single unit characterized by an evolving US effort to restructure the world economy in the corporatist terms it had applied to the domestic economy. See Hogan, *The Marshall Plan*, 2-19. In doing so, Hogan takes issue with historians who view the domestic New Deal and Cold War diplomacy, including the massive foreign aid packages of the post WWII era, as revolutionary events with little precedent. Instead, like Ellis Hawley, he sees continuity between such events and the business progressivism of the 1920s New Era, which included economic assistance to rebuild Europe in the wake of WWI.

¹⁰ David W. Ellwood, *Rebuilding Europe: Western Europe, America and Postwar Reconstruction*, (New York: Longman Publishing, 1992), 20-22.

Axis victory that would result in the creation of autarkic trading blocs closing most international markets to American goods.¹¹

After Allied victory, it appeared that these concerns remained compelling in the postwar period. By 1947, European reserves of gold and foreign exchange had dipped to dangerously low levels threatening European participation in a system of convertible currencies and the multilateral trade and payments system envisioned by Bretton Woods. Furthermore, trade imbalances appeared to be growing rather than shrinking and Europe seemed to be headed toward massive international debt and a payments crisis that would surely upend US visions of an integrated, smoothly functioning global economy.¹² If the situation were to continue in this manner, State Department officials feared that European countries would ultimately impose import restrictions “and cut down the international flow of goods at a time when it is most important that the trend should be in the opposite direction.”¹³ This, supporters of a multilateral international economy feared, would interfere with the establishment of their vision of a more efficient global economy, have repercussions for the domestic economy and limit the desired level of US economic

¹¹ Patrick J. Hearden, *Roosevelt Confronts Hitler: America's Entry into WWII*, (DeKalb, IL: Northern Illinois University Press, 1987) makes the most direct connection between American entry into the war and fear of fascist domination of international markets. However, Charles Maier also refers to American aversion to trading blocs and US dedication to overcoming them by establishing a liberalized, yet stable, global economic system in the postwar period. See Maier, “The Politics of Productivity: Foundations of American International Economic Policy after World War II,” 608-609.

¹² For details on the European economic situation in 1947 see Alan S. Milward, *The Reconstruction of Western Europe, 1945-1951*, (Berkeley: University of California Press, 1984), 19-55. Milward argues that the Marshall Plan's significance in restoring the European economies has been grossly exaggerated and finds that, despite their economic troubles, the Europeans could have secured their own economic success in the long run. John Killick also provides good detail about the European economic situation around the time the ERP was being debated in the US, but he disagrees with Milward to some degree and finds that the crisis was indeed serious, the European governments were pressed to find a quick solution and thus American aid was essential, at least initially, to rectify the situation. See John Killick, *The United States and European Reconstruction, 1945-1960*, (Edinburgh: Keele University Press, 1997), 2 & 8 and chapter one for a very detailed economic discussion.

¹³ “Memorandum Prepared by the Policy Planning Staff, August 14, 1947,” *Foreign Relations of the United States, 1947: vol III, Western Europe*, 362.

growth in the postwar period. Trade with Europe, the American liberal internationalist leadership argued, in its attempt to sway protectionists, was essential to overall US economic health and would serve to discourage social unrest and any resultant disruptions in industrial output that a domestic economic downturn would inevitably produce.

Already in 1945, CED policy recommendations advanced the theme that “the interchange of goods, international travel, and communications between peoples can make for better world” conditions. “If barriers to trade increase after the war as they did before the war,” the CED argued, “each nation will have to look inward, primarily to its own resources, and the higher and richer ways of life made possible through world trade will be lost.”¹⁴ In this situation, American leaders insisted, the US economy might suffer and the advances in living standards and production that had been obtained during the war would begin a steady regression. Therefore, the former cotton-trader and CED member now turned Undersecretary of State for Economic Affairs, William Clayton outright admitted that the overall “objective” of American foreign economic policy “has as its background the needs and interests of the people of the United States.”¹⁵

In Clayton’s estimation, the challenge that faced the US was that “we have here a large and growing population with the highest standard of living and the greatest productive capacity in the world” that needed to be sustained. Since “our productive capacity of many important commodities exceeds that of the rest of the world combined

¹⁴ Committee for Economic Development, *International Trade, Foreign Investment and Domestic Employment including Bretton Woods Proposals*, A Statement on National Policy by the Research Committee of the Committee for Economic Development, 1946, 5.

¹⁵ Text of “The Foreign Economic Policy of the United States” speech contained in Confidential Release for Publication of Address by the Honorable William L. Clayton, Undersecretary of State for Economic Affairs before the World Trade Dinner, Thirty-Third National Foreign Trade Convention, Waldorf Astoria, New York, November 13, 1946, William L. Clayton Papers, Box 60, Alphabetical File 1946, HSTL.

[but] that capacity . . . is geared to the production of much more of some things than our people require” and “we require of many other things much more than we can produce,” he concluded that “the efficient operation of our productive machine leaves us with great deficits and great surpluses, which we must trade out with the rest of the world.” What the US really needed, then, if it wanted to create the conditions for the continued economic success its citizens seemed to demand in the postwar era, was not merely massive levels of domestic production and consumption, but also “markets – big markets – around the world in which to buy and sell.”¹⁶

Private leadership contributed to this push to gain Congressional support and argued that maintaining markets was imperative to US interests. Baldly stated, the CED’s position was that “a restrictive course by America toward foreign trade is contrary to American interest.”¹⁷ Not wanting to relinquish their opportunity to weigh in on the shape of the postwar global economy, Paul Hoffman and Beardsley Ruml, among others, co-authored a paper in May 1945 setting out the basic principles of CED’s vision for postwar international economic conditions. In *International Trade, Foreign Investment and Domestic Employment*, they insisted “the United States [had] a major interest in the expansion of world commerce.” As “a powerful industrial nation,” the CED found, the US “[needed] vast quantities of goods and services of many kinds,” thus suggesting that imports might be beneficial at times, and since it had “a large margin of efficient, productive capacity which can be put to work making things for international trade,”¹⁸ a

¹⁶ Text of “The Foreign Economic Policy of the United States” speech contained in Confidential Release for Publication of Address by the Honorable William L. Clayton.

¹⁷ Committee for Economic Development, *International Trade, Foreign Investment and Domestic Employment*, 5.

¹⁸ *Ibid.*, 5.

liberal international commercial system could only benefit the American economy. If tariffs, quotas and other impediments to trade were allowed to remain, either in the United States as some politicians desired, or abroad, the CED repeatedly insisted that “the result . . . would be a decided lowering of our standard of living.”¹⁹

Ultimately, the CED maintained the position that

importing on a large scale – as well as exporting – are indispensable to high employment in the kind of economy with its high standard of living that Americans now enjoy. There is hardly a manufactured product we make – either of consumers’ or producers’ goods – that does not depend, directly or indirectly, upon some imported material for its quality, its marketability in quantity, its lower price, and in many cases its very existence. . . . Thus, the existing pattern of American production, and with our established occupational pattern – the products of our labor force and capital are daily engaged in turning out at present prices – is to a very large degree determined by our exchanges of goods with other countries, and particularly by the incoming side of that trade. Obviously, then, if that pattern of employment and production – with the resulting high standard of living – is to be kept at a high level, trade with other countries in large volume is indispensable.²⁰

Members of Truman’s administration generally concurred with the CED’s position and also supported policies aimed at reaching “agreement on reciprocal reductions of trade barriers and elimination of discriminatory practice” and developing “a code of foreign policy dealing with governmental trade barriers [and] restrictive practices by private business.” Administration officials insisted that “the purpose of our attack on excessive barriers to such exchange is to bring about a rising standard of living for our people and for all peoples.”²¹ While the CED insisted that the US economy was capable

¹⁹ Ibid., 11.

²⁰ Ibid.

²¹ Text of “The Foreign Economic Policy of the United States” speech contained in Confidential Release for Publication of Address by the Honorable William L. Clayton.

of going it alone in the postwar period and would be able to support the cherished postwar goals of high employment and high living standards without international access, they repeatedly concluded that it would be limited in its capacity to do so and to expand economically unless the international commercial system could supply markets for American exports. Interestingly, though, they also insisted that barriers to imports also posed problems for continued growth and many government officials seconded these concerns.

Will Clayton, in particular, remarked that though “in the past, the emphasis in our foreign trade has been on exports; within the near future it will probably be on imports.” The reasons cited for this were “our shift from debtor to creditor; because of our depletion in our natural resources and because of the wants of a growing and prosperous population.”²² The National Foreign Trade Council reached a similar conclusion, arguing that “the world economy in general and that of the United State, in particular, requires an immediate and sustained increase in imports of this country far beyond the present or any previous level.” The real concern was not merely that the US needed imports “to supplement our own resources and to support a vigorous and progressive domestic economy, but [also] to correct the present and prospective great excess in exports over imports in this country” and to rectify “the present unbalanced state of our foreign trade.” To solve the gross imbalance of trade, participants in the National Foreign Trade Convention called for “a greatly increased importation of goods and services into the United States . . . in order to validate to the maximum the transference of our own goods and capital abroad.” The Council remarked that “this need” had only “been intensified

²² Ibid.

by the [postwar] government loans and credits extended to foreign nations, which have served to stimulate our exports to unprecedented levels.” As a result, it concluded that “additional imports” would be necessary “to provide the dollar exchange necessary to pay for this expanded volume of exports.”²³

Business and government leadership feared that if protectionist Congressmen did not back down and if the hard currency situation in Europe did not improve, the US would fail to import increasing quantities of foreign goods. In this situation, other nations, whose currency reserves were depleted by war and by the great appetite and need they had displayed for imports in the postwar period, would fail to be able to provide viable export markets for American industrial output. American leaders worried that without the currency to pay for imports of US goods, most easily obtained through their own exports to the US, former European customers could potentially contribute to a downswing in American production thereby threatening the sustained economic growth political leaders had determined, or at least argued, was necessary to preserving American political, economic and social stability.

Above all, a breakdown in the international trading system caused by a gross imbalance of trade in the United States, the one nation that could afford and pay for European imports in hard currency, would prevent the realization of a liberal international economic system that required elimination of “import duties and taxes, preferences and discriminations, prohibitions and quantitative restrictions on imports, export prohibitions, taxes and subsidies, exchange control, state trading and government

²³ From Brief by the National Trade Council sent to the Committee for Reciprocity Information of Tariff Commission in Washington December 19, 1946, William L. Clayton Papers, Box 66, Alphabetical File 1947, HSTL.

monopolies, dumping and other unfair methods of competition, and burdensome administrative restrictions.”²⁴ Such impediments to trade had to be removed both at home and abroad, US leaders argued, or “we might need to be put on a quota system of our own, and finally to establish either a government export or import monopoly, or a complete system of controls by export licenses.” The bottom line, the State Department affirmed, was that “the pattern for international trade adopted by the leading trading nations must be a matter of great concern to those who wish to preserve the American economic system in the United States, let alone to strengthen it.”²⁵

However, liberalizing import restrictions in the United States in the hopes of putting more dollars, and thus buying power for US exports, into the hands of foreign customers, would not be enough to restore international trade to a more favorable equilibrium. By 1947, many American officials were becoming increasingly concerned about the economic condition of Europe. The limited economic assistance and loans advanced in the two years following Axis surrender had proved insufficient to stem the flow of hard currency from Europe, a situation that left many nations struggling to import the goods and services needed to repair basic elements of their infrastructure. This situation, combined with an extraordinarily harsh winter and a miserably inadequate harvest in 1947 left many Europeans undersupplied and, in certain cases, undernourished as well. Many leaders found the most challenging problem to be that Europeans “will always need large imports because their natural resources will not support their

²⁴ Ibid.

²⁵ Confidential Press Release of “Our Domestic Economy and Foreign Affairs,” Address by the Honorable Willard L. Thorp, Assistant Secretary of State for Economic Affairs, before the Economic Club of New York at the Hotel Astor, New York City, April 16, 1947, Joseph M. Jones Papers, Box 1, Folder: Truman Doctrine, Marshall Plan 15-weeks, Folder 1, HSTL.

population of 270 million people,” and “they must earn the money to pay for these imports by exporting goods that they make.”²⁶ However, under the current conditions, men like then Acting Secretary of State Acheson argued, Europeans could “not at the same time accomplish recovery and provide for the needs of their own people and also earn enough by their exports to pay for their imports and pay off a heavy load of debt as well.”²⁷ Yet, “from a standpoint of trade,” the Planning Board of the State Department argued, “the US was interested in a healthy European economy.”²⁸

Assistant Secretary of State Willard Thorp also took note of this problem and observed that “countries in Europe now are so short of convertible currency and credit that they find themselves required to restrict trade in many ways, although they might in fact wish to encourage it.” This because “they cannot earn foreign exchange by exporting if they lack raw materials or equipment with which to produce the goods for export. And they cannot buy the raw materials and equipment if they lack currency.”²⁹ Thus, in the State Department’s official opinion, Europe not only lay at the heart of “the world balance of payments problem,” as it was unable to find “enough US dollars to buy the commodities needed for subsistence and reconstruction,” it was also prone to enact restrictive trade measures in a desperate attempt to stem the constant hard currency bleed from government reserves.

²⁶ From Press Release of Committee for the Marshall Plan, December 22, 1947, Dean Acheson Papers, Box 3, Political and Governmental File, HSTL.

²⁷ Ibid.

²⁸ “August 8, 1947 Memorandum by Mr. Wesley C. Haraldson of the Office of the United States Political Adviser for Germany regarding the Paris Discussions on the Marshall Plan, August 4 to August 6, 1947,” *Foreign Relations of the United States, 1947: vol. III, Western Europe*, 345.

²⁹ From Confidential Release for Publication of Address of the Honorable Willard L. Thorp, Assistant Secretary of State for Economic Affairs before the Rotary Club, Commodore Hotel, New York City, April 17, 1947, Joseph M. Jones Papers, Box 1, Folder on Truman Doctrine, Marshall Plan – 15 weeks, HSTL.

Under these conditions, American government officials estimated that “in 1947 the United States will export to the rest of the world \$16.2 billions of goods and services” but “the United States will import in 1947 only \$8.7 billions of goods and services.” This led them to conclude that “the United States will thus be financing the rest of the world to the extent of \$7.5 billions” most of which would come from the government. This situation would only grow worse, they feared, as the limited programs of US government aid expired and “the ability of foreign purchasers to finance United States exports out of gold and dollar holdings will diminish rapidly as these reserves are drawn down.”³⁰ Francis Russell, Director of the Office of Public Affairs agreed, insisting “we have found from repeated experience that general prosperity for our nation as a whole means prosperity for all segments of the economy – labor, industry and agriculture alike. No one segment of the economy long remains in a depressed state while the rest profit. This is true only in a lesser degree of the world economy.” Thus, “if we are to maintain our national income, now at an all-time high of 200 billion dollars a year, and maintain it in the free pattern which we now enjoy, we must take the steps to assure the maintenance of our greatly expanded world trade” by extending more assistance to Europe.³¹

Clayton’s observations were even more alarming. According to him, “last year exports from the United States amounted to ten billion dollars; and imports into the United States amounted to only five million dollars. . . . It is up to us,” he averred, “if we are going to avoid economic disaster in the years to come, to see to it that the world does

³⁰ From Memo to Dean Acheson from Joseph Jones regarding draft ideas for Acheson’s speech before the Delta Council dated April 24, 1947, Joseph M. Jones Papers, Box 1, Folder on Acheson’s Speech before the Delta Council, HSTL.

³¹ Address by Francis H. Russell, Director of the Office of Public Affairs before the National Cooperative Milk Producers Federation, St. Louis, MO, November 6, 1947, Dean Acheson Papers, Box 27, HSTL.

have through normal processes plenty of dollars to buy American goods.” What was needed, Clayton and others argued, was “bold and imaginative economic thinking and acting.” Lowering tariffs would not suffice, Americans should, Clayton continued to insist, “begin thinking in terms of bolder measures than have ever been seriously advanced before for getting American dollars abroad in sufficient volume to sustain a satisfactory level of economic activity.”³²

The answer, many suggested, was a massive economic assistance package, in the form of a well negotiated grant rather than a burdensome loan, designed to restore the European economies in such a way that they would be capable of funding their own trade, including American imports, and participating as full members of a global multilateral economic system that could preserve international peace as envisioned by past leaders like Woodrow Wilson and Cordell Hull. The CED concurred with this vision and argued “the financial and economic fabric of Western Europe must be rebuilt if the channels of trade are to be open.” According to its influential members, “great increases in production are necessary if the different countries of Europe are to pay with exports for the things they need to import.” For this, the CED concluded, “American help is needed in providing raw materials, in modernizing industry, in bringing about currency stability, in adjusting the balance of payments, and in reestablishing Western Europe as a going concern.”³³ Supporters of this integrated international trading and monetary system envisioned the Marshall Plan as a way to perpetuate their vision of a liberal global economic system that would best serve American interests.

³² Clayton quoted in Fossedal, 214.

³³ Committee for Economic Development, *An American Program of European Economic Cooperation*, A Statement on National Policy by the Research and Policy Committee, 1948, 11-12.

As suggested, this position, while popular in the Truman administration, was not necessarily well received in other political circles. The presidency faced strong sources of resistance from those who favored continued high tariffs and other measures aimed at restricting foreign imports and who pushed for more economic, political and diplomatic isolation of the US in the postwar period. These positions appreciated significant potential for support from a population eager to return to a time when international crises did not dominate their universe and were well represented by elements in Congress that had already staged opposition to measures aimed at achieving multilateralism during Roosevelt's administration.³⁴ Though Clayton, Acheson, Thorp and other members of the Truman Cabinet struggled to garner backing for the administration's foreign commercial policies and spoke widely on the economic imperatives for supporting a European recovery that might create the necessary conditions for the survival of a global economy they felt furthered American interests, they continued to face significant resistance in the Republican dominated Congress of 1946 and 1947. Isolationist Midwestern Republicans, often representing agricultural constituencies who strongly advocated import controls, repeatedly frustrated their attempts to pass legislation aimed at liberalizing the international economy and assisting Europe and insisted instead on cutting taxes and limiting public expenditures.

Richard Freeland has argued that Truman and his supporters responded to this challenge by skillfully manipulating public opinion in order to get the Marshall Plan approved. Their primary aim, he insists, was to restore European markets for American

³⁴ For more information on wartime efforts to lay the groundwork for a multilateral system, including negotiations to establish Bretton Woods, the Export-Import Bank, GATT etc, and resistance to them, see Freeland, 22-47.

goods and to create the conditions under which the US could establish the multilateral international commercial system many Democrats had long supported. However, this economic incentive and the threats of weakening domestic growth should the plan fail to be instituted were not sufficient to compel a conservative Congress, one that often resisted visions of a multilateral global economy, to dedicate funds for a massive reconstruction project in Europe. Thus, Freeland points out, between early 1947 and 1948, finally afforded the opportunity by British withdrawal of support for Greece and Turkey and the ensuing crisis in Greek government that indicated possible communist subversion, the executive branch steadily ratcheted up anti-communist rhetoric to which it felt Republican isolationist resisters would respond most effectively. By portraying Greece and Turkey under imminent threat of communist takeover and the rest of European society as intensely vulnerable to it given its economic woes, Freeland suggests that the Truman administration presented the reconstruction of Europe and the American sponsored ERP as the only means left at the disposal of the US to stem the growing tide of international communism.³⁵

There is certainly evidence to support these assertions that the Truman administration purposely mobilized anti-communist sentiment to achieve its aims. In March of 1947, Clayton issued a memorandum urgently advising that “the United States must take world leadership and quickly to avert world disaster.” However, he cautioned that the Truman administration would not be able to “take world leadership effectively

³⁵ Freeland, 5-12, 98-102, 187-200. Other scholars have advanced variants of this argument, including Arnold Offner who agrees that the Democratic administration relied too heavily on anti-communist rhetoric but argues that it stemmed from tactics employed by Truman’s advisors to effectively mobilize the president. Recognizing that the president responded best to clear cut alternatives, Offner suggests that Truman’s cabinet resorted to portraying the world in bi-polar terms in order to inspire the Commander in Chief to take certain actions and policy positions. See Arnold A. Offner, *Another Such Victory: President Truman and the Cold War, 1945-1953*, (Stanford, CA: Stanford University Press, 2002).

unless the people of the United States are shocked into doing so. To shock them,” Clayton insisted “it is only necessary for the President and the Secretary of State to tell them the truth and the whole truth.”³⁶

In this instance, the basis of “truth,” in Clayton’s mind, despite his professed interest in maintaining international markets, rested in the fact that “in every country in the Eastern Hemisphere and most of the countries in the Western Hemisphere, Russia is forcing from within” meaning that “several nations whose integrity and independence are vital to our interests and to our security are on the very brink and may be pushed over at any time, others are gravely threatened.” Looking into the future, Clayton predicted “if Greece and Turkey succumb the whole Middle East will be lost. France may then capitulate to the Communists. As France goes, all Western Europe and North Africa will go.” Thus, in order to gain support for a large-scale economic assistance package for Europe, Clayton suggested that the “indisputable evidence that a systematic campaign is now being waged to destroy from within the integrity and independence of many nations” by “feeding on hunger economic misery and frustration . . . in the liberated countries” be presented to the American public to convince them that “the security and interests of the United States and of the world demand that the United States take prompt and effective action to assist . . . these gravely threatened countries.”³⁷

³⁶ Handwritten memo dated 3/5/47 from Clayton to the Department of State outlining his recommendations for a European Recovery Program, William L. Clayton Papers, Box 60, Marshall Plan memos 1947 folder, HSTL. The speeches and communiqués of many political leaders did ultimately echo this theme. Among the many: Speech by Dean Acheson given at Philadelphia Bulletin Forum, March 10 1948, Dean Acheson Papers, Box 4, Political and Governmental File, HSTL. See also Joseph M. Jones, “Notes on the Economics of Peace,” http://www.trumanlibrary.org/whistlestop/study_collections/marshall/large/folder1/ma6-2.htm, (5/30/03 11:20am).

³⁷ Handwritten memo dated 3/5/47 from Clayton to the Department of State outlining his recommendations for a European Recovery Program, William L. Clayton Papers, Box 60, Marshall Plan memos 1947 folder, HSTL. The speeches and communiqués of many political leaders did ultimately echo this theme. Among

Based on the slew of speeches and communiqués issued in the spring of 1947, all aimed at rallying support for the administration’s policy of aiding Western Europe, Truman officials took Clayton’s initial advice to heart, handily and frequently employing the rhetorical tool of anti-communism to pressure the American public and Congress to support the ERP. Recognizing, perhaps in the wake of backlash to the Truman Doctrine speech, that this tactic could become an international public relations nightmare abroad where the USSR pounced on every chance to cast the US as insincere and self-serving and where communist parties held significant power in Western European politics, Dean Acheson would by the end of the year regret this decision. In December he would remark that he had “heard a great number of comments that the general scheme which I followed” in some speeches “which tried to explain the fundamental economics of Western Europe and did not try to plunge people into humanitarian ecstasies and fright of communists” were actually more appealing to the public than those emphasizing Soviet threats.³⁸ Clayton even demurred, admitting that “it will be necessary for the President and the Secretary of State to make a strong spiritual appeal to the American people to sacrifice a little themselves, to draw in their own belts just a little in order to save Europe from starvation and chaos (*not* from the Russians.)”³⁹ However, thanks to the initial spate of rhetoric emanating from a government bent on swaying the Congress to support an ERP, the Marshall Plan, in American eyes at least, came to be intimately associated

the many: Speech by Dean Acheson given at Philadelphia Bulletin Forum, March 10 1948, Dean Acheson Papers, Box 4, Political and Governmental File, Truman Library, Independence, MO. See also Joseph M. Jones, “Notes on the Economics of Peace,”

<http://www.trumanlibrary.org/whistlestop/studycollections/marshall/large/folder1/ma6-2.htm>, (5/30/03 11:20am).

³⁸ Letter from Dean Acheson to John A. Ferguson, Executive Director, Committee for the Marshall Plan, December 17, 1947, Dean Acheson Papers, Box 3, Political and Governmental File, HSTL.

³⁹ Memorandum by the Under Secretary of State for Economic Affairs on the European Crisis sent to Acheson May 27, *Foreign Relations of the United States, 1947: vol. III, Western Europe*, 232.

with the global fight against communism that the US had now embarked on. Just as American welfare and sustained economic growth had been presented as the best way to resist communism at home, the welfare and common good of the European people and the health of their economy were portrayed as the means to combat communism internationally.

When discussing the need for European aid, attention frequently focused on the consequences of the miserable conditions of Europe that would only worsen without American assistance and lead, not only to a weakening of the international trade system, but also to the rise of communism in Europe. Joseph Jones, Special Assistant to the Assistant Secretary of State for Public Affairs, and others argued that in “a period of economic disorganization, uncertainty, want, fear,” such as Europe was experiencing, “extremism can not fail to grow.”⁴⁰ According to official American reports, “Europe today is a land of very low standards of living. Millions of families are having a hard time scraping enough together simply to exist, to find shelter, to cover their bodies, to prevent disease and starvation.” The result, it was feared, was that “this situation” would inevitably have “an effect on their morale” making Europeans “dejected, hopeless, bitter” as they “[faced] the future with little hope because the time when they may again be able to earn a decent living, have a good home, eat good food, and share effectively in the life of their community, seems to be far away.”⁴¹

Government officials took ample opportunities to curry public support by pointing out that “communism and totalitarian methods thrive in such circumstances.” According

⁴⁰ Joseph M. Jones, “Notes on the Economics of Peace.”

⁴¹ From Confidential Release for Publication of Address of the Honorable Willard L. Thorp, Assistant Secretary of State for Economic Affairs before the Rotary Club, Commodore Hotel, New York City, April 17, 1947.

to Truman's staff, poor economic conditions in Europe produced "determined, purposeful, and highly organized minorities – in some countries these are armed – . . . able to stultify the operation of democratic institutions, and in the end overthrow them . . . [resulting] in the spread of totalitarianism and an increase in the strength of the USSR, to whom these groups are loyal."⁴² Should such conditions arise, Acheson and others promised that the consequences for the United States would be grave. "In a desperate and futile effort for survival," Acheson asserted in a speech in Philadelphia, "we would have to pour out our wealth many times the cost of the proposed program – to turn this country into an armed camp." In this situation, "the civil liberties and freedoms which have been the foundation of our greatness could no longer be maintained." Recognizing that Republicans in Congress favored small government, Acheson threatened that should communists rise to victory in Europe and the European markets disappear, "government controls and outright regimentation would be the vital necessity in the economic field." More importantly, though, was the "eventual certainty of war somewhere along the process, under conditions progressively unfavorable to the United States."⁴³ Given the expansionist tendencies of the Soviet Union in Eastern Europe and its recalcitrance regarding the unification of Germany combined with this blanket of rhetoric, Republicans were encouraged to, and often were generally inclined to, agree that communism did seem to pose a viable threat to American economic and political interests. Presented in this way, the economic revival of Western Europe appeared to be the only way to alleviate the danger of Soviet expansion.

⁴² Joseph M. Jones, "Notes on the Economics of Peace."

⁴³ Speech by Dean Acheson given at Philadelphia Bulletin Forum, March 10, 1948.

Many business leaders, who were admittedly also interested in creating the right conditions under which a multilateral international global commercial system could operate, supported the government's position and independently mobilized anti-communist rhetoric to push for economic aid to Europe. At a 1947 meeting of the CED, board member and President of General Mills, Inc. Harry Bullis insisted that "Communism feeds on misery" and "if the Russians offer a miserable people something that they believe will relieve their misery, they accept Russian terms. Once the Russians have the police power of a state, it is difficult to turn that state away from communism." Thus, he was "convinced that the only way to defeat communism is to make the lot of the common people more bearable, that is, improve their living conditions."⁴⁴ The National Planning Association, a non-profit, supposedly non-political organization of representatives from agriculture, business and government, also found in their reports that "the workers of Western Europe must be restored to health and vigor" and that the recovery of Europe "is the most momentous issue to come before the people and the Congress since we were last preoccupied with the question of Peace" as "we can afford anything better than to allow Western Europe, in deepening distress, to fall prey to communism and dictatorship. Such a catastrophic development," this group argued, "would plunge the world into economic and political turmoil and would threaten the well-being of our people and the integrity of our institutions."⁴⁵

Hard-nosed, realist geo-political concerns and policy opinions regarding US security interests did lie below these pumped up threats of communist takeover in Europe

⁴⁴ Minutes of Meeting of the CED Board of Trustees, October 16, 1947, Waldorf Astoria, New York, NY, Paul Hoffman Papers, Box 40, HSTL.

⁴⁵ National Planning Association Committee on International Policy, *America's Vital Interest in European Recovery*, Washington, DC, 1947.

giving the anti-communist rhetoric the credence it needed to motivate support for the Marshall Plan. Though Truman's Cabinet and other ERP supporters may well have tended toward anti-communist hyperbole in an attempt to encourage the passage of the legislation through Congress, they were also driven by legitimate concerns that Soviet designs interfered with the postwar security aims of the American government and sought to mobilize all resources at their disposal, political, economic and eventually military, to resist them.⁴⁶ By 1947, State Department leadership had adopted a strong position against the wisdom of FDR's geo-political vision for the postwar world that demanded the creation of a weak and fragmented postwar Europe, a dismembered Germany and a strong Britain and USSR to control it. FDR's hope had been that by encouraging strong international organizations, playing the British and the Soviets off one another and discouraging the rise of German power through geographic re-organization, the United States could more or less withdraw from European affairs with confidence that another war would not rise from the ashes of WWII.⁴⁷

⁴⁶ An ongoing scholarly debate in diplomatic history circles has included criticism of the United States for unnecessarily intensifying the Cold War based on their misinterpretation of Soviet intentions and capabilities. The main articulation of this view was Walter LaFeber's *America, Russia and the Cold War, 1945-1966*, (New York: Wily, 1967) in which he suggests that the United States, primarily motivated by its interest in economic expansion, resented the USSR's resistance to opening Eastern Europe to American economic activity and thus American ambitions fueled conflict between the two powers. To some extent, Freeland's work also reflects this assumption and Offner continues to assert his position that Truman himself was responsible for creating the Cold War. Others contend that though the Truman administration may well have over-interpreted Soviet power and plans in this period, it may well have believed the threat to be severe and thus acted appropriately in protecting national security interests regardless of whether the threats were real or merely perceived. See, for example, Melvyn Leffler, *A Preponderance of Power: National Security, the Truman Administration and the Cold War*, (Stanford, CA: Stanford University Press, 1992). John Lewis Gaddis, in his significant scholarship, also comes down on this side of the argument as he suggests that the United States acted in response to Stalin's record of repression both at home in the USSR and in Eastern Europe in *The United States and the Origins of the Cold War: an Interpretive History*, (New York: Knopf, 1978).

⁴⁷ For details on FDR's vision of postwar Europe, see John Lamberton Harper, *American Visions of Europe: Franklin D. Roosevelt, George F. Kennan and Dean Acheson*, (New York: Cambridge University Press, 1994), chapter 3 especially 79-91. See also Prologue of John Lewis Gaddis, *Strategies of Containment*, 3-15.

George Kennan, now head of the influential Policy Planning Staff and eventually supported by Clayton, Acheson and Marshall, aimed to dispel what he saw as New Deal era, liberal notions of befriending the Soviet Union. Already in late 1946, his Long Telegram from Moscow declaring the irrational expansionist tendencies of the USSR and Soviet communism had set in motion a movement toward a more hard-line, anti-Soviet policy. This position was enabled to some degree by the USSR's moves to dominate Eastern Europe and its reluctance to allow political and economic unification of Germany at the Moscow Conference of Foreign Ministers in the spring of 1947 during which George Marshall had concluded that Stalin saw, in the economic disarray of Europe, opportunities for the expansion of Soviet influence on the continent.⁴⁸ What the postwar situation demanded, Kennan and his supporters at the State Department argued, was a strong, unified European continent able to contribute to the containment of the Soviet Union and capable of resisting the subversive communist cells located at strategic points within Western European society, particularly in labor unions and other key locations within working class communities.

Though they might have recognized that an economically strong Europe could be helpful to US commercial interests, this group of like-minded American statesmen harbored a healthy fear of the implications of creating a fragmented Europe with an economy driven by independent and fragile national economies each struggling to protect themselves from becoming overwhelmed by the dollar gap and a crippled infrastructure. This type of Europe, US officials feared, would not be self-sufficient enough to reject either trade proposals from the Soviets or potential communist intervention in their

⁴⁸ See Ellwood, 83 for text of Rostow's account of Marshall's reaction to the Moscow Conference of Foreign Ministers.

economies, political parties or labor unions. Unilateral actions by independent European actors, who had already exhibited signs of adopting protectionist measures, to make trade deals or separate diplomatic agreements with Moscow would only frustrate American aims to absorb Europe into a wider international network that the liberal internationalist Truman supporters stipulated as vital to both US interests and global security.

Furthermore, an autarkic, economically crippled Europe did not fit into Kennan's master plan of creating a global system upon which the United States could draw to acquire the appropriate raw materials and military support necessary for containing the Soviets.⁴⁹ A unified European economy was thus central to Washington's strategy as it could, the State Department argued, present a stronger deterrent to the Soviet Union, and perhaps even persuade the USSR to conform to US interests in Europe. At the same time this arrangement, US officials hoped, would draw the Europeans, organized into a more manageable and profitable unit, into a wider, American dominated, global system that would serve both commercial and security aims.

Integrating the European national economies, Kennan's group argued, served yet another purpose for US security. American interests in promoting a unified and economically integrated Europe did not merely focus on fueling American trade, but were also motivated by the widespread belief that autarkic, nationalistic economic policies had contributed to WWI and WWII by stunting growth and leading to a disproportionate rise in German power that, history had proven, threatened international security. However, the State Department grappled with the problem that without restoring German power in the post WWII era, Europe would never be able to attain the strength

⁴⁹ Gaddis, *Strategies of Containment*, 60.

required to act as effective ballast against the Soviet powers in the East. Thus, US strategists sought some arrangement that allowed German economic power to flourish and drive Western European recovery but at the same time curtailed Germany's political and international power.

The CED also advocated that "Western Germany should be made an effective producing part of Western Europe." To correct European needs "by loans to other countries to build industrial plants which would take the place of this unused German capacity" would only be, CED supporters argued, a "wasteful" solution.⁵⁰ However, many Europeans feared the restoration of German's industry, its traditional source of power in the twentieth century. The solution was thus to create the right conditions for a strong corporatist European economy that would allow for the revival of Germany, a condition that seemed inseparable from securing successful European recovery and a strong continental Europe, but one that France, in particular, vehemently opposed. By recommending a unified European economy, the United States envisioned the incorporation of a strong Germany into a larger economic unit, capable of drawing from but simultaneously controlling future German economic power. Creating the conditions for an integrated European recovery with Marshall Aid would allow the US to address some of the security fears of France and other European nations while satisfying its own diplomatic needs that it believed rested on restoring German strength needed to drive integrated European economic capabilities and contain Soviet power.⁵¹

⁵⁰ Committee for Economic Development, *An American Program of European Economic Cooperation*, 14.

⁵¹ Michael J. Hogan, "Revival and Reform: America's Twentieth Century Search for New Economic Order Abroad," *Diplomatic History* 8 (Fall 1984), 289 and Hogan, *The Marshall Plan*, 20. See also Part I of Marc Trachtenberg, *A Constructed Peace: The Making of the European Settlement, 1945-1963*, (Princeton, NJ: Princeton University Press, 1999) for a very detailed discussion of how the problem of German power

The Marshall Plan was thus not only a product of liberal internationalist thinking regarding commerce and the global economy promoted by exaggerated anti-communist pronouncements, but also represented a victory of the containment school of thought in the competition between those who supported a geo-politically strong Europe supported by US policy and those who hoped for FDR's European solution to international security that allowed competing European powers to balance each other on the continent and the US to withdraw. In Kennan's own words, the Marshall Plan represented a policy victory for his position as it "finally broke through the confusion of wartime pro-Sovietism, wishful thinking, anglo-phobia and self-righteous punitivism in which our occupational policies in Germany had thus far been enveloped."⁵² The ultimate, yet, as time would prove, far-fetched, hope of Kennan's Policy Planning Staff was that "by the adoption and consistent application of correct policy in Europe, we can lead or force the Soviet Union to the conclusion that its security will be better served by a tactical shift in Soviet policy which would result in a wide area of practical collaboration and joint decision making with the US and the countries of Europe."⁵³

The correct approach, these men argued, was to strengthen and unify the European economies that served multiple overlapping purposes of containing communism, controlling German power on the continent and allowing for the European

and the immediate need for a unified, strong Germany figured into the Truman administration's policy. Harper also argues that a strong Germany was central to Kennan's vision of Europe, but that he saw this as a means for the Soviets to be pushed back, defeated, and the Americans thus eventually able to withdraw from European affairs. See Harper, 201 & 203. See also Raymond Poidevan, "Ambiguous Partnership: France, the Marshall Plan and the Problem of Germany," in Charles S. Maier and Günter Bischof, eds., *The Marshall Plan and Germany: West German Development within the Framework of the European Recovery Program*, (Providence: Berg Publishers, 1991): 331-359 for more attention to the French-German problem in the postwar period.

⁵² Kennan quoted in Harper, 198.

⁵³ Cleveland, Moore, Kindleberger Memorandum dated June 17, 1947, Joseph M. Jones Papers, Box 1, HSTL.

integration US security and commercial interests demanded. This policy would also uphold the international trade many Americans felt was important to their own national security. As the government presented it, Marshall Aid represented and satisfied a variety of interests and effectively unified them around a policy consensus that ultimately supported many compelling arguments for creating a stronger Europe. For multiple reasons, then, Congress agreed to the Marshall Plan, an act that ushered in an era of long-term, sometimes invasive, American involvement in virtually all aspects of European politics, economics, diplomacy and civil society, beginning in April of 1948. The immediate question was how to structure this aid so as to elicit the desired results, an integrated, strong and prosperous Europe that officially cooperated with US international security aims while, at the same time, supporting American economic interests as formulated by the liberal internationalists who controlled the State Department at this time.

What was needed, US officials argued, was a plan that would “increase the western orientation of Europe – i.e. support for our policies *vis a vis* the USSR and willingness to follow our leadership in economic and political matters” in the event that “a general European settlement in which the USSR would be willing to trade a partial relaxation of expansionist pressure and a policy of increased economic and political collaboration with the United States on European matters” failed to be reached. Indeed, when George Marshall returned from the Conference of Foreign Ministers in Moscow in early 1947 with no such settlement regarding a future reunification and democratization of Germany, the full press ahead to enact the plan for the reconstruction of Europe began. Achieving this goal, government officials argued, “[required] the United States to

identify itself with an integrating ideological goal which can rally the center and left of center groups in Europe” most likely to succumb to communist appeals by addressing the “immediate and real problems of Europe – i.e., a coordinated European recovery program assisted and primed by the United States to help Europe to help itself back to prosperity and long-run unity.”⁵⁴

Ultimately, the ideological goal US foreign policy experts and ECA officials identified as essential to motivating the European public and centrist non-communist groups to accept and support Marshall Aid and the US political and economic vision of postwar Europe was that promoted by the CED in the United States. By promoting a stabilized growth economy capable of sustaining higher production, consumption and employment levels and providing enough abundance to quell any functionally driven social conflicts over the distributive issues, the ECA and other US official bodies hoped to win European support. Encouraging the implementation of a system that supported economic growth, US officials hoped, would keep Europeans happy, fed and supportive of US policy and satisfied with capitalist distribution. Regardless, American officials continued to maintain that the combating of communism in Western Europe was one of the primary aims of the ERP and the staff tapped to implement it remained steeped in the liberal internationalist, CED logic of growthmanship, open borders, anti-communism and neo-liberal arrangements as it worked to restructure the European political economy.

⁵⁴ Outline of Memorandum on a US Program for Europe, Joseph M. Jones Papers, Box 1, Folder on Truman Doctrine, Marshall Plan – 15 weeks Folder 1, HSTL.

Chapter Four

Determining the Message: Economic Growth, Standards of Living and Productivity as Useful Public Diplomacy

Our program of foreign aid is perhaps the greatest venture in constructive statesmanship that any nation has undertaken. It is an outstanding example of cooperative endeavor for the common good.¹

- President Truman, 1948.

As it cast about for the best approach for creating an economically strong Europe oriented toward American policies, the State Department recognized that the Europeans were themselves, as historian David Ellwood has pointed out, engaged in a search for political and ideological renewal in the post WWII period. US officials hoped that if Americans could intervene in this process and lend their opinion through such outlets as the aid-bearing ECA and a variety of public diplomacy efforts, Marshall Plan countries would be more inclined to adopt political and economic systems that supported US international interests. However, the necessity of fostering such left-of-center support for pro-American centrist governments in Europe prohibited US officials from exporting too much anti-communist rhetoric in their public diplomacy efforts in Western Europe and forced them instead to focus on presenting neo-liberal economic solutions to European problems that did not overtly smack of anti-communist effort. The Marshall Plan and the ECA created to implement it effectively assumed this task of acting as the symbolic carriers of the economic miracle that could, ECA public relations efforts promised, save

¹ "Statement by the President Upon Signing the Foreign Assistance Act. April 3, 1948," *Public Papers of the Presidents: Harry S. Truman, 1948*, 203.

Europe from hardship and provide improved living standards for its downtrodden workers.

Since many of the European national political and economic systems had suffered collapse during and even before the war, pre-existing nineteenth century ideas of liberal democracy and *laissez-faire* had been subjected to scrutiny. As the Americans had challenged orthodox theories about the structure of the political economy during the New Deal, the Europeans simultaneously considered how to restructure their political, economic and civil structures, a process that only intensified in the wake of WWII. The question the Europeans all pondered to some degree, as Ellwood suggests, was how to invent “new systems of political representation with much stronger bases of legitimacy. . . . What political method would build the new relationship between the state and civil society, between the institutions and the electorate?”²

Washington recognized this European search for political order and the potential dangers contained within it. Given that the rhetorical and political emphasis on communism and containment guided the State Department and had spilled onto the wider political scene in the United States by 1948, the Truman administration focused much of its concern on the fact that European communist parties enjoyed significant levels of popular support in the immediate postwar years in Europe. The communists on the continent, who had emerged from the war years fairly intact and untainted by any participation in collaborationist wartime governing coalitions, presented the European publics with a comprehensive, ideologically coherent alternative to the liberal capitalism that had failed them. This was especially alarming in US official opinion as other

² Ellwood, 7.

political parties struggled to recreate themselves. In particular, the center right parties wrestled with a conflicted identity and desperately tried to distance themselves from their wartime legacy of collaboration with occupying forces and their interwar history that many construed as integral to creating the conditions for WWII. The European Social Democrats, on the other hand, enjoyed a certain amount of popularity given their relative distance from some of the prewar coalitions that had been in power when Hitler overran Europe and their progressive attitudes toward welfare in the difficult postwar times.³

The best solution, then, in State's estimation was to support the creation of center-left coalition governments around Europe that would unite Social Democrats and the centrist parties in an effort to close the communist parties out of European governing coalitions. Such a coalition could, it was believed, unite sufficient numbers of leftist and centrist voters to create a strong political bloc that appealed to a broad swath of the populace, lending it a good deal of political legitimacy and creating stable governments devoid of communist influence. With the ERP injecting dollars and infrastructural improvements into the failing economies, the State Department hoped to satisfy the needs and demands of the European voters who would, then, continue to support these left-of-center coalitions.

Over and over again, the State Department stressed that "the resistance of [Europe] to communism depends on leadership and a program which will appeal to the critical left-of-center voter, whose shifting allegiance will determine the growth or decline of communist strength." While wooing vehemently anti-socialist Republican Congressmen at home with anti-leftist vitriol, privately the members of Kennan's Policy

³ For brief overview of European politics in immediate postwar period see Ibid., 7-15.

Planning Staff at State had concluded that “[rejuvenating] socialist parties” was the best strategy in Europe as they believed that “preponderantly socialist leadership in Western Europe has the best chance of checking the growth of communist support because it has more appeal to the critical left-of-center voter and is more likely to adopt the effective domestic economic policies which are vitally needed to steal the communists’ thunder and to improve more rapidly mass living standards.” By encouraging “the development of left-center coalition governments and the adoption of vigorous domestic policies designed to appeal to the marginal communist and left voter,”⁴ the Truman administration’s men in the State Department hoped to create cooperative, anti-communist Western European governments that would support US plans for European reconstruction. As the United States was openly dedicated to freely-operating electoral democracy, the competition in Europe was mainly over the sympathies of leftist voters to whom State advocated “our policy must direct its appeal. . . rather than to groups to whom communism makes no appeal.”⁵

The pressing question the State Department faced was how to reach these critical left-of-center European voters, encouraging them to elect center-left coalition governments and vote out communist representatives as frequently as possible. The first recommendation the State Department gave reflected their fear of Soviet sponsored anti-ERP propaganda. The United States determined that “direct and open diplomatic support of particular governments or politicians will probably defeat our purpose,” surmising that it would only provide fodder for communist propaganda. Furthermore, gauged by analysis of European reaction to Truman’s March 12th speech announcing the Truman

⁴ Cleveland, Moore, Kindleberger Memorandum dated June 17, 1947.

⁵ Ibid.

Doctrine, American officials had also deduced that “the critical voters in Western Europe cannot be attracted to an anti-communist crusade.” Operating under the assumption that the essential targets of American interest, though not necessarily Soviet supporters, were at least somewhat sympathetic to communist causes, the State Department advised that the United States should “avoid a straight anti-communist line in [its] propaganda”⁶ especially since the targets of that propaganda were potential communist supporters. State recognized that it was critical that leftist European voters not be alienated by anti-communist ERP rhetoric.

Fearing that open anti-communist rhetoric in Europe would harm their campaign to promote socialist governments and believing that appearing to openly endorse certain ideological positions and support particular political parties would only raise the ire of many Europeans, particularly those they wished to reach, State Department officials essentially reduced the options available to the ECA officials charged with reaching the European public. The only potential recourse left for Americans who coveted European votes for the government coalitions that would best serve US interests was to play up the “ability” of the “left-center leadership . . . to recreate for the critical groups both the reality of economic recovery and a rapid rise in mass living standards.” The State Department thus insisted “the growth of communism in Western Europe since liberation may be attributed in considerable part to the gradual loss of hope for rapid economic improvement and loss of faith in a leadership which could not, by effective economic policy, maintain this hope.” Therefore, “a new symbol of hope” needed to be created that should be “economic rather than political in content.” The State Department deemed the

⁶ Ibid.

ERP, “which stresses the raising of European production and consumption through the economic and ‘functional’ unification of Europe,” not anti-communism as “the only effective symbol for this purpose.”⁷

One of the essential purposes of the ERP was to secure political stability in Western Europe through economic means. A key part of the ERP then, was the purposefully launched campaign to win over the European voters on an economic basis, and it aimed to appeal to the European electorates by improving their standard of living. This, US officials believed, was intimately linked to preserving a democratic, capitalist Western Europe. Initially, Kennan’s rationale behind containment was that the Soviet regime was actually weak, in crisis and teetering on the brink of potential collapse or at the very least withdrawal from the greater European theater. If Western Europe was strengthened economically and politically Kennan’s Policy Planning Staff felt that it would resist communism and that without any hope for substantial public, political or economic support in Western Europe, the Soviets would eventually retreat or come closer to conforming to American interests in Europe. However, Kennan was ultimately overpowered by men of the ilk of Acheson and Clayton who believed the Soviets intended to maintain a permanent sphere of influence in the East and would not back down regardless of Western European response to their advances.⁸

⁷ Ibid.

⁸ See Ibid. for the Policy Planning Staff’s ideas on this issue. Harper also makes this argument and suggests that this part of Kennan’s argument was lost in the public exaggeration of his first point that emphasized the existence of a Soviet threat. Thus, Harper argues, Kennan’s vision of the Marshall Plan as a means of weakening an already frail USSR and pressuring it to support American interests was ultimately lost. See Harper, 198-200. Harper also argues that Kennan was relatively isolated in the State Department regarding this specific issue as Acheson, Clayton and Bohlen felt that the Soviets would maintain a permanent sphere of influence in Eastern Europe and thus the Marshall Plan and other American strategies should aim at setting up a corresponding Western sphere of influence. Kennan himself may have wanted the United States to withdraw from Europe once the Soviets were sufficiently contained.

Taking Kennan's advice that "Soviet pressure against the free institutions of the Western world is something that can be contained by the adroit and vigilant application of counter-force at a series of constantly shifting geographical and political points"⁹ and the theory that the left-center voter might be wooed by economic abundance to heart, Acheson, Clayton and their supporters envisioned the economic and political reconstruction of Europe as a way to challenge a sustained Soviet threat by creating Western Europe in America's image, a unified economic market capable of continuous, ever-increasing economic growth. What resulted was a recovery program that ultimately focused on extending American tactics of growthmanship to the European sphere to provide, US officials hoped, European voters and center-left politicians compelling economic and quality of life reasons to resist communism and integrate into a Western oriented global economic order supported by the United States.

By the 1950s, the idea of sustained growth as the solution to domestic and international defense against communism was firmly entrenched as policy even if it required temporarily assuming a federal budget deficit. With the Korean War came the US decision to focus on military build-up and escalate European recovery to include a significant defense component as well. As Robert Collins has argued, "NSC-68 suggested that economic growth could be used to generate the funds required for a massive rearmament and a redefinition of the nation's global responsibility."¹⁰ This did not simply require an expanding economy at home. Many within the American government, including Acheson and Clayton, came to believe that the fight against international communism also demanded the even more significant growth of those

⁹ Kennan, *American Diplomacy*, 120.

¹⁰ Collins, *More*, 24.

Western European economies allied with the US than had previously been envisioned. Thus, in 1951, the US adopted the Mutual Security Act dedicating itself to promoting an even more intense productivity drive in Western Europe in order to provide for the increased demands for international security that the communist invasion of South Korea seemed to suggest.

According to Collins, “growth would provide the vast resources necessary . . . to give the United States a kind of perimeter defense against communism. All points on the perimeter would be equally important; in the words of NSC-68, a ‘defeat of free institutions anywhere is a defeat everywhere.’”¹¹ Thus, growth at points along the perimeter, for example in Western Europe, could contribute to providing the necessary resources for containment and international defense. US foreign policy thus came to envision a system based on concentric circles of growth. If the Great Depression taught US foreign policymakers anything, it was that economies were inextricably linked in the international system. Thus, economic events in one national economy could easily cause massive repercussions in others. US economic growth could help drive collective European growth, which would in turn create the individual European growth needed to secure international defense against the communist incursion that was bound to happen at any weak points around the defense perimeter. But, as Gaddis has suggested, by adopting the ERP, the Americans also chose to engage the Soviets on their weakest point, in an area in which they could only struggle to keep up with the US. Following an established foreign policy tradition of “asymmetrical response – of applying one’s own strengths against adversary weakness,” Gaddis points out that the Truman administration

¹¹ Ibid.

mobilized its superior economic and technical strength to pressure and contain the Soviets in Europe.¹² It remained in the hands of the Marshall Planners to determine how to effectively motivate the European public to accept and comply with this strategy.

The men assigned to administer Marshall Aid enthusiastically embraced their task. When the ECA was created in 1948 to undertake the administration of Marshall Aid, Paul Hoffman stepped up to a job he claimed not to want with great zeal. Having successfully severed the administration of the Marshall Aid from the State Department and Kennan's Policy Planning Staff,¹³ Hoffman and the CED technocrats he brought with him were able to assert a good deal of influence over the form of American aid to Europe. Though Hoffman was required to follow policy guidelines issued from the Departments of State and Defense, it was he and those he drafted into his service who, in the end, asserted a great deal of influence over the implementation of aid, the recommendations for restructuring and bettering the European political economy and what was asked of the European people in the process. The Marshall Plan, thereby came to bear a strong imprint of the CED and its anti-Soviet, Keynesian visions of political economy focused on remaining engaged in European affairs and maintaining economic growth even more than it otherwise might have had it remained under the direct oversight of State

¹² Gaddis, *Strategies of Containment*, 61-62.

¹³ The CED had originally pressed for an independent administration of the Marshall Aid program arguing that it was "of first importance that no unnecessary restrictions be placed on the agency responsible for carrying out the purposes of the [European Recovery] act. Indeed, the success of the undertaking may well depend on the flexibility and scope given to the administrative agency in its dealings with participating countries." Congress should thus "determine the broad and basic policies governing the program of economic cooperation . . . , delegate precise powers to the President" who should then create a new administrative agency to administer the plan and appoint an Administrator "directly responsible to the President," not the State Department. See Committee for Economic Development, *An American Program of European Economic Development*, 23-32. Congress, frequently suspicious of the State Department was only happy to comply and vest responsibility for administering the ERP to Hoffman's new organization, the ECA.

Department heavy-weights like Kennan and his staff. The result was a Marshall Plan, while still aimed at a political solution in Europe, also strongly supportive of the technocratic economic and social visions of business interests like those expounded by men like Hoffman and those who had seen in CED rhetoric a political-economic compromise that appealed to a broad audience. As Harper suggests, the technocrat administrators of the ECA saw Marshall Aid as their opportunity “to export an American model of material prosperity and social peace based on perpetual economic growth and higher productivity.”¹⁴

Many of Hoffman’s men and women were liberal internationalist anti-communists in their own right and firmly believed that the real “key to the maintenance of free societies and free economies in Western Europe,” was “production. If production can be increased by one-third quickly,” the CED promised, “Western Europe will be on the way to prosperity – and prosperity is a powerful antidote for communism.”¹⁵

However, as suggested, the logic of the Truman administration and State Department policy leaders, including Kennan himself, indicates that they too saw merits in elevating production and consumption to address European problems and securing victory over the Soviets. Kennan’s own observations pointed to the fact that one of the “outstanding features of Communist thought” was “that the capitalist system of production is a nefarious one which inevitably leads to the exploitation of the working class by the capital-owning class and is incapable of developing adequately the economic resources of society or of distributing fairly the material goods produced by human labor.” Since he saw “the palsied decrepitude of the capitalist world” as “the keystone of Communist

¹⁴ Harper, 199.

¹⁵ Committee for Economic Development, *An American Program of European Development*, 9.

philosophy,”¹⁶ he and other State Department leaders envisioned one role of the Marshall Plan in Europe as contributing to an ideological battle to prove the communist assessment of capitalism wrong and to demonstrate its ability to alleviate European problems.

The Cold War could be posed, these pronouncements seem to indicate, as an industrial competition between the West and the USSR as government advisors saw industry as one field in which the Americans and, if the ERP proved effective, the Western Europeans could easily outdo the Soviet competition. This was especially pertinent because the Soviet Union, as Kennan argued, was “a nation striving to become in a short period one of the great industrial nations of the world.” Despite the fact that he observed “much has been done to increase the efficiency of labor and to teach primitive peasants something about the operation of machines” he pointed out that the Soviets were failing and “maintenance is still a crying deficiency of all Soviet economy. Construction is hasty and poor in quality.” Above all, “in vast sectors of economic life it has not yet been possible to instill into labor anything like that general culture of production and technical self-respect which characterizes the skilled worker of the West.”¹⁷ Acheson also argued that “from the point of view of power, what the Soviet Union lacks is industrial plants,” and “it is only in Western Europe that the industrial plant and skills needed to complement Soviet strength in manpower and resources are to be found.”¹⁸ Thus, if the US could prove its own industrial and capitalist prowess as it was doing at home through its economic policies of growth and abroad with a successful American sponsored recovery and reconstruction of Europe’s industrial plant, the capitalist mode of

¹⁶ Kennan, 107-108 & 127.

¹⁷ Ibid., 122.

¹⁸ Speech by Dean Acheson given at Philadelphia Bulletin Forum, March 10, 1948.

production would itself serve as a tool with which to push back and pressure the Soviet Union into better cooperation with American (and hence European) interests.

Since the American policy establishment had reached the conclusion that “Soviet society [contained] such deficiencies which will eventually weaken its own total potential” and that it was now US strategy to embark “upon a policy of firm containment, designed to confront the Russians with unalterable counter-force at every point where they show signs of encroachment upon the interests of a peaceful and stable world,”¹⁹ the fields of production, consumption and distribution, in which the Soviets showed great weakness, seemed easy and fair targets on which the United States could focus.

Should the US and the Marshall Plan recipients demonstrate remarkable strength in an area in which the Soviets were particularly weak, prevent Soviet infiltration into vital industrial concerns of Western Europe and should the capitalist system prove capable of providing abundantly for its citizens without inciting any class tensions, American diplomats and Marshall Planners hoped not only to earn points in a propaganda battle but also hasten the decline of Soviet power through a display of Western economic strength. Thus, US policy should be to resist the Soviet Union but, in Acheson’s words, to hold against the Soviet Union meant not only

to hold against armed attack; it equally means to hold against internal attack – which is the new weapon added to the Russian arsenal by the Communists. This also means that we have to develop collective strength and the political relationships which support collective strength so as to deter Soviet drives against nations which, if they were standing alone, might fall easy prey. Meanwhile, while doing all in our power to deter and to hold, we have to proceed confidently and positively with the orderly development of our political, social and economic institutions in the free world. If we push ahead vigorously with this part of our program, and demonstrate the superiority of the free way of life, we shall be able to

¹⁹ Kennan, 126.

face the future with confidence. Although we cannot predict the final outcome of this conflict, we can be confident that free societies can out-build, out-produce and out-last societies based on tyranny and oppression.²⁰

Sustained economic growth and high standards of living were to provide both diplomatic containment and serve as public relations tools and measures of Western capitalism's success in the Cold War battle that pitted neo-liberal capitalism against the Soviet system. Europe need only conform to American standards for it to match sufficiently the Soviet challenge.

The major problems preventing the realization of European economic and industrial potential that would provide appropriate containment of the USSR, Hoffman argued, lay in the fact that the Western European economy in 1948 was "like a crazy quilt whose varicolored squares had been cut out but not sewn together." The problem was that "each nation was striving to be self sufficient" and that "for fifty years . . . Western Europe had been moving in the direction of economic nationalism" meaning that "countries competed with each other in intensifying trade restrictions, in raising tariffs and in imposing import quotas and exchange controls to 'protect' home industries which were uneconomic and old-fashioned." This, he argued, "hindered Europe from taking advantage of modern techniques of large-scale, low-cost production which, during those same fifty years, largely accounted for the higher productivity of United States industry and the higher living standards of the American people."²¹

²⁰ Statement by the Hon. Dean Acheson, Secretary of State, in support of the Proposed Mutual Security Program, Before the House Foreign Affairs Committee, June 26, 1951, George M. Elsey Papers, Box 50, Harry S. Truman Administration Speech File, HSTL.

²¹ Patrick McMahon report on the first fifteen months of the Marshall Plan, Clark M. Clifford Papers, Box 1, Subject File 1945-54, Economic Cooperation Administration – Committee for the Marshall Plan, HSTL.

The solution as Hoffman saw it was to create the conditions for “large-scale, low-cost production” and attempt to create “a sizable, unified and unrestricted market area where goods can move freely from factory to consumer.”²² This effort, Hoffman and others hoped, would modify the “habits and trends which [were] deeply ingrained in the European economy”²³ and that were, in the US estimation at least, impeding the recovery of Europe along lines appropriate to American diplomatic aims. Hoffman, representing the interests of large, capital intensive concerns in the United States, saw in the Marshall Plan an opportunity to promote these interests on the global stage. By presenting the small-scale, labor-intensive, so-called outmoded modes of production as inherent to European problems, the ECA essentially set the stage to push Europeans toward adopting the large economies of scale promoted by the liberal business interests that held sway over the US government and claimed to be the basis of the success of the American economic miracle in the postwar era.

In internal documents, the project was indeed one of “solving chronic problems that have been debilitating the European economy for more than half a century.” US officials found that “the greatest obstacle faced by ECA in inducing the European countries to launch a concerted attack on their long-range problems lies in the economic traditions and philosophies, not only of the governments but, even more important, of the private European businessman.” Upon his return from a three-month tour of Europe with NAM, Patrick McMahon advised the Truman administration that any “economic progress in Western Europe was “doubtful” until “the European businessman accepts the fact that

²² Hoffman, 124.

²³ Patrick McMahon report on the first fifteen months of the Marshall Plan, Clark M. Clifford Papers, Box 1, Subject File 1945-54, Economic Cooperation Administration – Committee for the Marshall Plan, HSTL.

risk and competition are integral factors of the free enterprise system.” This was not likely, McMahon reported, as European business leaders “are clinging as tenaciously as ever to their traditional philosophies of small volume production, high markups, agreed prices, regulated markets, and assured profits.” This led to an “industrial plant” that was “obsolete, poorly organized and badly in need of renovation and repair” and “manufactured goods” that were “poor in quality, badly styled, and outmoded in design.” Furthermore, “distribution techniques [were] inefficient and expensive.” Thus, McMahon argued “European goods [were] rapidly being priced out of the export markets, and the prices [were] so high that they [were] far out of the reach of their own domestic consumers.” Thus, “the great need” as an unnamed ECA official reported, was “increased efficiency, not only in production but in distribution as well, in order to make essential goods available to the Western European consumer at prices he can pay.”²⁴

Focusing on economic growth, production and consumption allowed the Marshall Planners to actively and directly engage their target audience, this average European consumer who wished, the Americans assumed, to be able to obtain goods at prices he could pay, and especially the center-left voter who could, they feared, potentially go communist or react negatively to Western capitalist traditions on the basis of its unfair class biases and distribution. The competition, as the Marshall Planners saw it, was over the loyalties of the worker-voters as much as an attempt to modify whimsical European business practice that frustrated American aims for reconstruction. From the outset, Clayton’s report upon his return from Europe in 1947 conveyed his great distress over the breakdown in distribution between the farms and the cities in Europe that was creating a

²⁴ Ibid.

dire situation among the urban working class who were not getting enough to eat and whose wages were simultaneously decreasing due to hard times.²⁵

This theme penetrated almost all of the initial planning for the ERP. Even George Marshall's speech at Harvard referred to this "breakdown" in "the division of labor" that was "the basis of modern civilization" due to the lack of incentive for farmers to take their product to the cities since "city industries are not producing adequate goods to exchange with the food producing farmer." Thus, Marshall's speech warned, "people in the cities are short of food and fuel" and referred to this as "a very serious situation" that was "rapidly developing which bodes no good for the world."²⁶ This situation, combined with an alleged communist sponsored, "systematic campaign" aimed mainly at workers and labor unions and, as Clayton assumed, "being waged to destroy from within the integrity and independence of many nations,"²⁷ led the US to the conclusion that to reach the objective of creating a strong, western oriented Europe, "the quickest possible recovery of mass living standards (particularly of the urban lower income groups) in non-communist Europe"²⁸ was of highest priority. The State Department believed there was merit to the argument that "concurrent with any attempt to increase this production that we are talking about, there has to be . . . a concurrent increase in the stature and the position of the people who work toward increasing production; that is, the man at the

²⁵ See Paul Nitze Oral History by Ellen Garwood, November 4, 1958 and Dean Acheson Oral History by Ellen Garwood, November 2, 1958, Ellen Clayton Garwood Papers, Subject Files, Marshall Plan Folder, HSTL. Many of the subsequent State Department speeches and documents from the spring of 1947 refer to this breakdown in distribution between the city and the countryside and offer it as a great motivating factor for the ERP.

²⁶ Remarks by the Honorable George C. Marshall, Secretary of State, at Harvard University on June 5, 1947.

²⁷ Handwritten memorandum by William Clayton dated 3/5/47, William L. Clayton Papers, Box 60, Marshall Plan Memos 1947, HSTL.

²⁸ Outline of Memorandum on a US Program for Europe.

bench”²⁹ lest this “critical left-of-center group” be swayed by Soviet promises of a better life through communism and exercise their democratic right to vote by electing communist representatives to their parliaments.

Promising recovery through higher levels of productivity and availability of consumable goods, US government officials believed, was the key to creating public support for the left-center coalition governments that the Truman administration thought would most effectively squelch possible communist representation in European governments and parliaments. When addressing Europeans publicly, US officials portrayed this issue in economic terms. Privately and in policy discussions at home in the United States, however, they configured the reconstruction of the Western European economy as part of a greater plan to defeat global communism.

This dual, bifurcated approach to the problem of reaching European voters and rebuilding their economic infrastructure dominated the approach ECA would take to execute its mission. While ECA efforts to appeal to the Western European populace revolved around the neo-liberal economic theme, the aim of it as an anti-communist weapon still governed the intent of the public diplomacy that ECA and other arms of the government formulated to support US foreign policy now dominated by hard-line anti-Soviet realists who subscribed to literal visions of containment as an operative strategy. This strong focus on Marshall Aid as a weapon against the communists, despite the fact that it was rarely overtly referred to in the content of the public diplomatic projects that accompanied Marshall Aid, ultimately complicated public diplomatic relations with

²⁹ From transcript of press conference held by Mr. William H. Joyce, Jr., ECA Assistant Administrator for Production, US Special Representative in Europe on September 4, 1951, at the ECA headquarters in Paris, Daniel L. Goldy Papers, Box 51, Mutual Security Agency File, HSTL.

Western Europe and sometimes obfuscated American interpretation of the real but unrelated frustrations many Europeans expressed regarding US assistance and ECA pronouncements.

As ECA embarked on its project of reforming European business, production, consumption and distribution so as to increase the success of European industry and the lot of the European worker as consumer and voter, it recognized that an essential condition for its own success rested on reaching out directly to the people whose lives, working habits, political persuasions and business traditions it sought to influence. The ECA recognized that its unique mission, that dealt in large part with changing the attitudes of people, “[depended] not only on reconstructed bridges, factories, and trade channels but also on reconstructed understanding among peoples.”³⁰ As Truman would suggest in early 1951, the US government was interested in reaching and enlisting the support of every “every businessman, worker and farmer; every banker and scientist and housewife; every man and woman”³¹ in the fight against communism and the effort to reconstruct Western strength.

The challenge for the ECA was how to mobilize these diverse economic players. Though its message of productionism to improve living standards, ultimately to battle communism, had been determined, the operational aspects of its public diplomacy function remained vague at the outset. From the early planning stages, the State Department had emphasized the key role an information program should play in the implementation of the multi-purposed Marshall Plan. Already in the spring of 1947, in

³⁰ Letter by William C. Foster sent to all ECA mission chiefs dated August 25, 1950, OF 426-L (1950), Box 1282, HSTL.

³¹ “Annual Message to the Congress: The President’s Economic Report, January 12, 1951,” *Public Papers of the Presidents: Harry S. Truman, 1951*, 28. Also quoted in Chapter 1.

the initial flurry of activity to plan for the ERP, Joseph Jones' memos, regarding what the program required, stressed the importance of the "approval of the budget of the Office of International Information and Cultural Relations (OIC) so that our programs of foreign aid may be supplemented by an information policy to the end of giving the aid policy its maximum effectiveness." ³²

The value placed upon an international information program to accompany the ERP was part of a larger movement by the Truman administration at the time to increase its informational activities and the strength of the State Department division charged with executing them, the OIC. However, the history of the modern, twentieth century propaganda programs of the US government before 1947 had been particularly rocky. Congress had proved to be notoriously and consistently uncomfortable with the idea of civilian informational programs and government sanctioned propaganda agencies and informational programs in both war and peacetime suffered constant political clashes and contentious debate.

The WWI propaganda agency, the Committee on Public Information, was a particular bone of contention with conservatives in Congress who mercilessly lambasted it as a vehicle of liberals bent on achieving their aims. The Office of War Information (OWI) fared little better in the WWII era and its work was constantly questioned, challenged and curtailed by opponents who saw it as a mere tool of the New Deal administration rather than an effective part of the war waging machinery. Overall, though many in American political circles felt that propaganda and public diplomacy were invaluable tools required to shape international public opinion, others feared them

³² From Memo to Dean Acheson from Joseph Jones regarding draft ideas for Acheson's speech before the Delta Council dated April 24, 1947.

for the same reasons, afraid that control of the tools of communication and propaganda could be used for subversive ends. This legacy meant that a peacetime information program was especially difficult to promote in the postwar era, and ultimately, the Truman administration had to resort to the same anti-communist language to accomplish its propaganda goals as it did to push Marshall Aid through Congress.³³

After Truman dissolved the WWII era propaganda agency, the OWI, in August 1945, a fairly vigorous debate emerged in the State Department regarding the need for a similar agency in peacetime. Having determined that an information program to support its foreign policies was essential to its work, the State Department appointed William Benton, member and co-founder of the CED, as Assistant Secretary of State for Public Affairs. Benton led State's crusade for establishing an overseas information program, urging the parsimonious Congress to free funds for government sanctioned international

³³ Many reservations regarding propaganda were based on the fear that it could be misused for political ends or its power abused as Hitler had done. Conservatives often feared that liberals would embed socialist messages in their information programs or that Communist Party members and fellow-travelers might surreptitiously infiltrate and commandeer aspects of American information programs to carry out their missions from Moscow. For a full treatment of the political and intellectual history of American propaganda agencies and suspicions of their intentions in this era see Brett Gary, *The Nervous Liberals: Propaganda Anxieties From World War I to the Cold War*, (New York: Columbia University Press, 1999). This book outlines the tensions within the liberal camp itself over the usage of propaganda and its inherent dangers and gives good background on the emergence of communication research as a field of study in the 1920s and 1930s that gave credence to the idea of propaganda in the first place. For details on the debate surrounding the OWI see Allan Winkler, *The Politics of Propaganda: The Office of War Information, 1942-1945*, (New Haven, CT: Yale University Press, 1978) and on that surrounding the WWI propaganda agency see Stephen Vaughn, *Holding Fast the Inner Lines: Democracy, Nationalism and the Committee on Public Information*, (Chapel Hill: University of North Carolina Press, 1980). Holly Cowan Schulman also gives some details on the debate over propaganda in her book, *The Voice of America: Propaganda and Democracy*, (Madison: University of Wisconsin Press, 1990). For information on this debate in the early Cold War period, see David F. Krugler, *The Voice of America and the Domestic Propaganda Battles, 1945-1953*, (Columbia, MO: University of Missouri Press, 2000). A useful book to gain an inside view of the thinking of the late 1940s and early 1950s regarding the power of communications and the trepidations many felt regarding its control see Charles Siepmann, *Radio, Television and Society*, (New York, Oxford University Press, 1950). Siepmann expresses hope that new advances in communication will have potential democratizing effects but also shows great concern that private interests might wrest control over them from the public sector, leaving the listeners to be passive participants rather than active democratic participants in the new community created by communications. He also discusses the potential constructive usage of these communications technologies for propaganda and the possibility that they can be abused.

information efforts. Testifying before the House Foreign Affairs Committee in October 1945, Benton based his argument on the assertion that the “time when foreign affairs were ruler-to-ruler relations” was past and “since 1918 the relations between nations have been broadened to include not merely governments but also peoples.” Thus, Benton pointed out, public opinion was essential to foreign relations and successful diplomacy as “the peoples of the world are exercising an ever larger influence upon decisions of foreign policy.”³⁴

This, he argued, “[meant] that we in the United States have a new challenge – and a new and unprecedented opportunity – to exchange information, learning, and skill with the people of other countries.” This would, the former advertising executive suggested, “not only build a firmer foundation for our commerce but . . . provide that broad base of mutual understanding which makes for world peace.” Information programs should, according to Benton, “be designed to support US foreign policy in its long-range sense, and to serve as an arm of that policy.” Demonstrating his faith in advertising’s power to convince, he expressed his belief “that popular understanding of the United States in other countries, if it is to be accurate, will strengthen the possibility of friendship and political cooperation.” Aside from the security benefit he claimed cross-cultural understanding could offer, he also professed an economic benefit to government sponsored international communication efforts arguing that “it is obvious that trade with

³⁴ Information Service Review ECA drafted by P.D. Fahnestock, Director of Press Relations, CED dated December 2, 1948, Paul G. Hoffman Papers, Box 22, Economic Cooperation Administration, HSTL.

the United States will be stimulated abroad by an acquaintance with American technology and methods.”³⁵

What was required, then, in Benton’s estimation, was an official effort “to help present a truer picture of American life and American policy in those areas important to our policy where private interchange is inadequate, or where misunderstandings and misapprehensions about the United States and its policies exist.” Given American superiority in communications technology, motion picture making, publishing, journalism and advertising, Benton argued that it would be foolish for the United States to squander such a valuable resource in executing its foreign policy. Creating an effective information program would be relatively easy for a nation possessing such qualifications and skilled professionals. This was essential, Benton told the Foreign Affairs Committee, as “a cooperative foreign policy, as ours is, must be open, proclaimed, popularly arrived at at home, and clearly understood abroad.” Since “any foreign policy must be viewed in the light of national history and character of the country that formulates it,” Benton suggested that “if the policies of the United States are to be clearly understood and acted upon in other countries, their peoples must be aware, in some measure, of our national characteristics indispensable to the interpretation of our policies.”³⁶

Benton also mobilized anti-communism to support his cause in the US. Referring metaphorically to the communist threat to the world, Benton, in an article published in

³⁵ Information Service Review ECA drafted by P.D. Fahnestock, Director of Press Relations, CED dated December 2, 1948.

³⁶ “The Role of International Information Service in Conduct of Foreign Relations: Statements by Assistant Secretary Benton before the House Foreign Affairs Committee released to the press October 16th,” *Department of State Bulletin*, 13 (October 21, 1945), 589-591.

the *Department of State Bulletin*, speculated that “the fuse of disaster is lit and burning steadily. If areas of mass ignorance and ill-will are permitted to remain in the world, and if the fuse reaches and inflames them, these may act as detonators for an explosion that could engulf us all.” In Benton’s conclusion, “the hope for the future lies in eliminating the areas of mass ignorance and ill-will. We must combat them as never before.”³⁷ What the State Department needed to do was broadcast and disseminate information to Europe and beyond about American practices, interests and policies to generate foreign public support for US foreign policy.

Congress reacted favorably to Benton’s appeals and in June 1946, appropriated nearly \$19.5 million to the newly established OIC in the State Department.³⁸ However, this funding was renewable on an annual basis and thus the Department had to go a few rounds every year with an often intractable Congress to ensure continued appropriations. To ease this task, the staff at State sought to keep the issue of international information constantly in the public eye by sponsoring a number of research projects regarding the value of propaganda, which they preferred to delicately refer to as information, to foreign relations. In January of 1946, the department released the *Macmahon Memorandum on the Postwar International Information Program of the United States* outlining a State sponsored study undertaken by Arthur W. Macmahon, professor of political science at Columbia University. This report, publicized by the government, found “gaps of knowledge abroad . . . caused chiefly by the fact that other peoples do not have enough background knowledge of the United States to interpret fairly the dramatic news episodes

³⁷ William Benton, “Can America Afford To Be Silent?” *Department of State Bulletin* 14 (January 6 & 13, 1946), 10.

³⁸ Dick Fitzpatrick, “Telling the World About America,” *Public Opinion Quarterly*, 10 (Winter 1946), 582.

which are reported by the news agencies.” The report recommended, “for the present at least,” that these gaps “must be filled by governmental action.”³⁹

In the fall of 1947, the government went a step further with its sponsorship of a two-month investigative trip of the Smith-Mundt Congressional Group comprised of some sixteen Congressional leaders who traveled to twenty-two European countries to study the inadequacies of the existing foreign information services of the United States.⁴⁰ The resultant report to the Senate pressured other lawmakers to support legislation for increased informational activity and relied heavily on the anti-communist language that now dominated much Congressional debate of international affairs and European recovery and seemed to motivate previously isolationist legislators to appropriate funds for international action.

This report argued that “the place held by the United States in world civilization, demands and warrants increased activities abroad in the field of public relations . . . by the Government.” This was because, in the opinion of the officials who had made this trip, “Europe today is a vast battlefield of ideologies in which words have to a large extent replaced armaments as the active elements of attack and defense.” The Smith-Mundt group referred to the ERP that was under debate in Congress during their tour, suggesting that “commendable and necessary as [the economic aid] is, we have

³⁹ “Release of Macmahon Memorandum on US International Information Program,” *Department of State Bulletin* 14 (January 6 & 13, 1946), 37.

⁴⁰ The key members of this group were Senators H. Alexander Smith, Bourke B. Hickenlooper, Henry Cabot Lodge, Jr., Alben W. Barkley, Carl A. Hatch and Representatives Karl E. Mundt, Lawrence H. Smith, Walter H. Judd, John Davis Lodge, Pete Jarman, Thomas S. Gordon, Mike Mansfield. For accounts of the Smith-Mundt trips see Charles A. Thomson and Walter H.C. Laves, *Cultural Relations and US Foreign Policy* (Bloomington: Indiana University Press, 1963), 66; Edward W. Barrett, *Truth is Our Weapon*, (New York: Funk and Wagnalls Company, 1953), 61; Frank Ninkovich, *The Diplomacy of Ideas: US Foreign Policy and Cultural Relations, 1938-1950*, (New York: Cambridge University Press, 1981), 128-133.

nevertheless been too preoccupied in the past with feeding the stomachs of people while the Soviets have concentrated on feeding their minds.” Mobilizing the anti-communist rhetoric that already dominated many of the legislative debates concerning the ERP, the Smith-Mundt group cautioned their colleagues that unless some informational efforts accompanied Marshall Aid, “we may help avert starvation but in the process produce a generation of healthy Europeans whose minds are poisoned against us and whose loyalties are to the red star of Soviet Russia.”⁴¹

The Smith-Mundt report thus urged Congress to “take positive and aggressive steps to carry the true story of her ideals, motives, and objectives to a demoralized and groping Europe.” Images of a downtrodden and endangered Europe and the Europeans as victims allowed the returning senators and representatives to suggest that “the United States, unless trusted by the ordinary people of Europe, cannot help them in their perplexity.” The problem was, this group suggested, “that the Soviets and the Communists are today conducting aggressive psychological warfare against us in order to discredit us and drive us out of Europe.” Already, this report recounted, the Soviets had circulated

the lies that the recovery plan is 1) a frantic effort to avert an inevitable American economic depression by foisting our surpluses on Europe; 2) an unjustifiable attempt to give priority relief to the German aggressors over their victims; 3) a plot to restore the military might of Germany as our instrument to dominate Europe; and 4) an instrument of imperialism designed to make Europe a dependency of the United States.⁴²

The Europeans had to be saved from such untruths.

⁴¹ Senate, Committee on Foreign Relations, *The United States Information Service in Europe pursuant to S. res. 161, A Resolution Authorizing the Committee on Foreign Relations to Make an Investigation of the Effects of Certain State Department Activities*, 80th Cong., 2d sess., 1948, S.R. 855, part 1, 1, 3 & 5.

⁴² Ibid.

Whether or not the Soviets had promulgated any of these so-called lies, the authors of the Smith-Mundt report recognized that there was enough potential truth to these charges that Congress might well find in them the need to launch an informational offensive against such “misconceptions” of the Marshall Plan. If a more complete explanation of the American version of the truth and US intentions was presented to the European public, not only would they be more likely to support US policies, but, this group of legislators suggested, it would assuage the fears concerning possible US “expansion and control in Europe.”⁴³

The Smith-Mundt report found that many Europeans regarded “the aid-for-Europe proposals of Secretary Marshall” with suspicion, as “just an economic smoke screen to blind the nations of Europe to our true and carefully hidden designs.” Since these legislators determined that “the average person knows America primarily through the eyes of Hollywood” and “there still persists in Europe a concept that the United States is a rough and rather crude country, and that Americans are uncultured, uncouth, unrestrained, and uninhibited,” this group found that it was easier for the “Communist propaganda” to engage in “distorting and maligning American life and motives.” The United States must, the Smith-Mundt tour members implored, “[develop] respect for ourselves and our institutions as well as confidence in our moral leadership” by better presenting to the Europeans “a true and convincing picture of American life, methods and ideals.” Thus, an “expanded information and educational program would serve as the necessary corollary to the European recovery plan.”⁴⁴ In January of 1948, Congress finally passed what became known as the Smith-Mundt Act, the United States

⁴³ Ibid.

⁴⁴ Ibid.

Information and Cultural Exchange Act, finally providing the enabling legislation for government information activities abroad.

By the time Hoffman set up shop in the ECA, overseas information programs were legally permissible and fully endorsed by Congress and conditions supporting large-scale ECA sponsored public diplomacy projects heavily influenced by both anti-communist rhetoric and bound to the neo-liberal cohort represented by public diplomacy's champion, William Benton, and Paul Hoffman himself, were in place. Accordingly, one of the first steps taken by Hoffman as Chief Administrator of ECA was to establish a well evolved informational function befitting an organization dominated as it was by the proponents of a neo-liberal, mass market, consumer driven economic consensus who had relied heavily upon the skills of the advertising industry to create a domestic economy that supported their aims. Drawing upon its strong connections to CED, the Advertising Council and Madison Avenue advertising houses who had grown fat off the consumer based industrialists who now dominated the new economy, ECA embarked on its plans to reconstruct Western Europe in America's image.

Upon assuming his position, Hoffman promptly contacted the Press Relations division of the CED and his connections in the Advertising Council to advise him in the initial stages of grappling with "the public relations problem" of marketing Marshall Aid initiatives and American advice to the European public.⁴⁵ Hoffman, who admitted he had spent much of his life "developing products, studying markets and determining how best to persuade people to buy my company's wares,"⁴⁶ was the embodiment of the modern,

⁴⁵ Information Service Review ECA drafted by P.D. Fahnestock, Director of Press Relations, CED, dated December 2, 1948.

⁴⁶ Hoffman, 133.

liberal businessman of the mid-twentieth century who firmly believed that advertising and marketing could shape human behavior.⁴⁷ This blind faith, spurred by communication research of the time by Harold Lasswell and others, inspired men like Benton and Hoffman to trust that the people of Europe could be fairly easily persuaded, with an effective advertising program, that American intentions were pure and US business, consumption and distribution practices were best.⁴⁸ Faced with what Hoffman saw as “sleight-of-hand practitioners of Communist propaganda who confuse and warp men’s minds” and made “Goebbels [look like] a neophyte and Machiavelli an amateur,” he believed that “if the free world was to thrust back communism it would not only have

⁴⁷ Much communications research has pointed out that in the early days of radio and television, private interests actually won out in the debate over who should control the airwaves. Ultimately, relatively little time was dedicated to the public service broadcasting that many had hoped would enhance and elevate the intellectual level of American democracy. Subsequently, radio, television and increasing amounts of print space were all monopolized by private interests for commercial usage. See Daniel J. Czitrom, *Media and the American Mind: From Morse to McLuhan*, (Chapel Hill: University of North Carolina Press, 1982) for a balanced discussion of this trend. Roland Marchand’s, *Advertising the American Dream: Making Way for Modernity, 1920-1940*, (Berkeley: University of California Press, 1985) provides an interesting discussion of how advertising during the formative period of Hoffman and other CED corporate leaders reflected how the ‘modern’ men and women in business and advertising coped with modernity. Marchand argues that advertising of the times reflected anxieties of the professional and managerial class that created them and the dominant theme present in a good deal of ads celebrated the Democracy of Goods, i.e. abundance and equating equal availability to social equality. While it is somewhat beyond the purview of this work, this observation is interesting as the insistent rhetoric of abundance and the theme of the “apolitical politics of productivity” that argued productivity, abundance and consumption could create greater social equality and “industrial peace” could be an expression of the anxieties of the corporate leadership of the CED.

⁴⁸ Recall that the WWII and the early Cold War eras were times during which, as Barbara Savage has argued in *Broadcasting Freedom: Radio, War, and the Politics of Race, 1938-1948*, (Chapel Hill: University of North Carolina Press, 1999), “dependent relationships between the state, mass media, and the politics of social change” developed, see p. 2. This domestic experience with the tools of communication and social change influenced and inspired the political and economic leadership to mobilize them for ERP purposes as well, especially given that the ECA was dominated by men from the private sector who had early on, learned to monopolize on improvements in mass media to market their own wares. As mentioned, the governing concept was that behavior might well follow advertising, marketing or propaganda messages. For scholarly discussion of this prevailing position of communications research at this time see Czitrom who gives a good account of the empirical research of the 1930s that saw potential in using media to achieve certain aims.

to improve living conditions, especially for the underprivileged, but would also have to counter the Kremlin's propaganda of the lie with its own propaganda of the truth.”⁴⁹

What Hoffman began grew into a full-scale ECA information program that supported an Office of Information in Washington headquarters, an Information Branch in the Paris Office of the Special Representative, a specialized Labor Information Division aimed at labor unions and information functions in each of the ECA missions in the participating countries. Indeed, labor unions proved to be a key target of ECA's project and a natural objective of the information program as they were populated by and had direct lines of communication to the key constituents the Americans wanted to reach, the working men and women US officials saw as vulnerable to communist enticements.

Unions were also seen as key actors in creating the corporatist social and economic structure that US policy now aimed to achieve for both economic and political reasons. Reaching out to workers and convincing them to produce and consume at higher levels all in the interest of generating abundance would, the ECA and US union advisors believed, “achieve consensus and consolidate a pluralistic and democratic stability.” The European unions, if oriented correctly, would, US officials assumed, contribute to attaining the “pluralistic negotiation among interests” that “was a leading factor in social stability” and serve as a “vehicle for democracy, a means of teaching the desirability of pluralism to societies newly freed from fascism” or infiltrated by communist elements.⁵⁰

Recognizing that the international labor movement was heavily influenced by Soviet interests and supporters, the US government kept close watch on communist

⁴⁹ Hoffman, 134-135.

⁵⁰ Federico Romero, *The United States and the European Trade Union Movement, 1944-1951*, trans. Harvey Fergusson II, (Chapel Hill: University of North Carolina Press, 1992), 22-23.

involvement in the World Federation of Trade Unions formed in 1945. As labor was seen as a key player in achieving a desirable democratic social stability that could support sustained international growth and contain communist expansion, part of the US mission, and thus the ECA's, was to contain and hopefully eliminate communist elements in European unions. To further this aim, the US government ultimately engaged, with the assistance of the American Federation of Labor (AFL), in both overt and covert activity to diminish Soviet influence in the unions. ECA supported this work by reaching out to the European trade union movement in an attempt not only to increase productivity, but also to democratize them and instill American principles of collective bargaining and cooperation in the business of European industrial relations.⁵¹

To staff its offices charged with generating positive public relations and a free labor movement, the ECA recruited top talent from the American press, radio and motion picture businesses and its information program successfully swelled its initial budget of \$2 million to \$17 million.⁵² As the Marshall era in Europe progressed, Europeans, particularly trade union members, were subjected to, and by many reports often enjoyed, thousands of American inspired and produced news stories, pamphlets, training films, radio and motion picture events, special exhibits, and welcomed American visitors on technical exchange. Some European citizens even traveled to the United States

⁵¹ A number of scholars have dedicated book length studies of US interest in the international labor movement. Romero's work gives brief but detailed background information on US interest in the international labor movement in chapter 1 and provides case studies of US intervention in Italian and Greek labor as well as interesting history of the international union movement around the time of the passage of ERP in chapter 4. His chapter 6 provides a brief outline of the ECA's vision of international labor. Anthony Carew dedicates his entire book, *Labour under the Marshall Plan: The Politics of Productivity and the Marketing of Management Science*, (Detroit: Wayne State University Press, 1987) to the nexus of the ECA, Marshall Aid and European labor. Rhiannon Vickers specifically examines the consequences of this in Britain in *Manipulating Hegemony: State Power, Labour and the Marshall Plan in Britain*, (New York: St. Martin's Press, 2000).

⁵² Hoffman, 144.

themselves under the auspices of the ERP to experience first-hand what the American industry and lifestyle they were meant to replicate entailed. The thrust of much of this activity was to market and secure the higher productivity, consumption and more efficient distribution of goods that diplomatic and commercial interests had judged to be essential to promoting the security of the United States and cultivating stable democratic societies that could repel communism.

The foreign economic policy of the US, according to Will Clayton, was “to lay the foundation for peace by an expansion in world economy, that is, by an increase in the production, distribution and consumption of goods throughout the world, to the end that people everywhere may have more to eat, more to wear and better homes in which to live.”⁵³ In accordance with US policy then, the Marshall Plan was basically “a plan designed to raise European production and consumption, unify the European economy and make Europe self-supporting at high levels of production and consumption within a relatively short time.”⁵⁴ American leadership determined that “it is no exaggeration to state that the economic future of Western Europe depends upon the willingness of individual private businessmen to inaugurate programs to increase the efficiency of production, management, and distribution; to invest in needed repairs, expansions, and new enterprises; and to compete with one another in both domestic and export markets in an effort to make better European goods available to consumers at lower prices.”⁵⁵ In their efforts to remedy this situation, the ECA attempted to reach out through its

⁵³ Text of “The Foreign Economic Policy of the United States” speech contained in Confidential Release for Publication of Address by the Honorable William L. Clayton, Undersecretary of State for Economic Affairs before the World Trade Dinner, Thirty-Third National Foreign Trade Convention, Waldorf Astoria, New York, November 13, 1946.

⁵⁴ Cleveland, Moore, Kindleberger Memorandum dated June 17, 1947.

⁵⁵ Patrick McMahon report on the first fifteen months of the Marshall Plan.

information program to the business community and the individuals employed in the actual production and consumption of these goods to convince them to adopt the practices seen to be most economically effective by the coterie of leadership who adhered to the economic principles expounded by the CED.

In essence, the Marshall Plan encouraged “a positive program” that was, State Department officials readily admitted, “an American program . . . a reflection of our own economy.”⁵⁶ Michael Hogan has also suggested that the Marshall Plan exhibited dominant economic trends of the era and was thus “an international projection of the corporative political economy that had evolved in the United States” since the 1920s. This political economy, that would be projected in ECA’s informational program, was “founded on self-governing economic groups, integrated by institutional coordinators and normal market mechanisms, led by cooperating public and private elites, nourished by limited but positive government power, and geared to an economic growth which all could share.”⁵⁷ As such, the ERP was “an expression of ‘conservative Keynesianism,’” in the style of the CED, that blended government action with private enterprise and technical expertise to achieve enhanced production while maintaining the highest possible degree of social cooperation and an emphasis on the objective scientific management capable of rising above social conflict.⁵⁸

As Charles Maier notes, the advantage of advocating such corporatist, Taylorist and Fordist solutions in Europe was that they

⁵⁶ Confidential Press Release of Address by the Honorable Willard L. Thorp, Assistant Secretary of State for Economic Affairs, before the Economic Club of New York at the Hotel Astor, New York City, April 16, 1947: “Our Domestic Economy and Foreign Affairs.”

⁵⁷ Hogan, *The Marshall Plan*, xii and 3.

⁵⁸ Hogan, “Revival and Reform: America’s Twentieth Century Search for a New Economic Order Abroad,” 304.

promised a ‘non-zero-sum’ world in which classes no longer prospered only at each other’s expense, in contrast to the implications of the traditional spectrum of European ideologies, which were all zero-sum or redistributive. Their proscriptions entailed transferring portions of a given quantity of power, status, and wealth from one social group to another – or preventing such a transfer . . . Expanding productivity meant that no repartition of a fixed quantum of national wealth was required. Postulating a new social category of producers, or more narrowly, an elite of scientific managers who arbitrated conflict, meant that the hostile confrontation between the traditional classes was superseded.⁵⁹

In the 1940s, as discussed in the preceding chapter, groups like the CED revived these concepts and the Marshall Planners, influenced as they were by the membership of the CED, attempted to apply this ideology to postwar Europe to strengthen it socially, economically and politically without stirring latent, and in some cases overt, class conflict that communist leadership might benefit from.⁶⁰ As mentioned, William Benton himself celebrated the American solution to social harmony by increasing the aggregate rather than redistributing wealth, calling it “our present answer to the European brands of socialism.”⁶¹

In this vision of society and production, as Maier suggests, “the true dialectic was not one of class against class, but waste versus abundance” that could be directed not through politics, American planners idealistically hoped, but through the apolitical

⁵⁹ Charles S. Maier, “Between Taylorism and Technocracy: European Ideologies and the Vision of Industrial Productivity,” *Journal of Contemporary History* 5 (1970): 43. Michael Hogan also makes this argument in *The Marshall Plan*, 19 & 23.

⁶⁰ Hogan makes the argument that the Marshall Plan was in essence a product of what he calls a “New Deal synthesis” that reflected the influence of progressive business leaders who sought to contain state-power by collaborating with the government and labor to achieve economic growth. See Hogan, *Marshall Plan*, 13-15. This “New Deal synthesis” was also characterized, he argues, by federalism, supranationalism, and an American dedication to a free-trade approach that pursued policies of currency convertibility and the elimination of bilateral barriers to trade. See Hogan, *Marshall Plan*, 22-23.

⁶¹ From the text of a William Benton speech to the CED Board of Trustees in 1949. Quoted in Collins, “American Corporatism: The Committee for Economic Development, 1933-1945,” 171. Also referred to in chapter one.

techniques of scientific management⁶² that would keep citizens of a depressed Europe happy, and thereby immune to communist appeals, by increasing the size, and thereby everybody's share, of the economic pie. Doing their part to reduce the appeal of communism in Western Europe as instructed by US policymakers in Washington, the information officers and the administration of the ERP worked diligently to create the conditions for improved production, consumption and distribution that would serve to increase the economic share of the European worker, the key voter that the State Department had identified as essential to securing the appropriate liberal democratic political environment in Europe that would enhance European and thereby American security. As ECA had determined that it was best to avoid overt anti-communist pronouncements in its information efforts, its messages tended to focus on advertising the vast abundance and improved working or living conditions that the American system could offer.

By virtue of this purposefully ubiquitous information program, the Marshall Plan and the unabashedly self-celebratory productionist neo-liberal economic philosophy it was based upon was made into a truly visible and public foreign policy effort that vied for the attention of the average European citizen. Though this was certainly intentional, little thought was given to how to deal with any ensuing public reaction to the marketing and the impact of the Marshall Plan abroad. Perhaps due to an oversight but more likely due to the relatively blind faith that the men of the ECA, the State Department, the CED and the advertising industry had in the power of the message in the late 1940s and early 1950s, few contingency plans were formulated to deal with an unplanned public response

⁶² Maier, "The Politics of Productivity," 615.

to the ECA's efforts to orient European producers and consumers toward economies of scale and center-left politics. Despite the careful planning of the ECA administration, the intent and perception of the Marshall Plan could not be easily controlled as it entered the European public sphere. As such, these unintended consequences of the US information program that brought news of the joys available to European citizens by appropriating the US productionist models, ultimately complicated US diplomacy in Europe by adding a new, public dimension to its work that was far more unwieldy and opaque than traditional state-to-state relations. Whether the response was favorable or not, ECA had a difficult time interpreting its meaning and often failed to realize that the impetus behind it usually related to the vagaries and complexities of European politics and issues and did not always represent a direct reaction to or an indicator of foreign opinion toward US policy.

PART II

“So Thanks – and Look Out:” Europe’s Reaction to ECA’s Public Diplomacy

As Americans who have come to Europe with the Marshall Plan, we are guests in Europe’s house. We are strangers with different habits, with a different cut to our clothes. We can’t tell you how to cut your clothes. But we have a kit of tools accumulated over the years of American progress in the technical feats of production, and these tools are yours to borrow and use in the task of making your own production more productive.¹

- *Tool-kit for Tomorrow*, ECA pamphlet.

Before he rose to positions of official influence during the war, Paul Hoffman had gained his fortune and reputation as an effective executive as head of the Studebaker Corporation during the difficult economic times of 1930s and early 1940s. Though the company had faced financial ruin in the late 1920s, Hoffman successfully engineered the revival of the automotive giant using a mix of effective business practices, public promotion and an enlightened self-interest he constantly promoted. This repeated emphasis on cooperation and healthy industrial relations earned Hoffman’s production plant, he used to argue, the slogan “America’s Friendliest Factory.” Emboldened by his success in restructuring the failing company in the mid-thirties and by his enthusiasm for the advertising medium, Hoffman had officially recognized his competitors for their gentlemanly conduct toward Studebaker as it struggled during the Depression in a special advertisement run in major magazines. But the compliment was backhanded and the ad concluded with the challenge, “So thanks – and look out.”²

¹ Quote from *Tool-kit for Tomorrow* drawn from memo on the pamphlet by Richard Kelley, Entry 1047, Box 11, RG 469, NARA.

² Quoted in Raucher, 25.

As Hoffman and his staff pursued their task of extending the “Friendliest Factory” model to the European industrial plant during the late 1940s and 1950s, many Europeans, most of whom gladly accepted US aid, chafed under the guidance ECA offered them as it promoted infrastructural, industrial and managerial reform of the European economy. When it came to public relations between the United States and Europe during the Marshall Plan era, it was often the Europeans, not Hoffman or the ECA, who had the last word. On more occasion than one, the European recipients of Marshall Aid, and the unsolicited American advice that went with it, also advised the US to look out, requesting that Washington not to tread on their toes. Though many of these reproaches were indirect, the Europeans frequently mobilized potentially damaging rhetoric of their own to diffuse US presence and power in their communities. Not all Europeans overtly chastised the Americans, but even if they did not, most mobilized Marshall Aid for their own use and incorporated it into their own political discourse as another tool with which they could advance their own interests. The truth remained that, despite the often naïve assumptions of ECA officials that their information program would inspire specific attitudes in Europe, domestic politics ultimately determined European response to the ECA corporatist, productionist rhetoric or to US diplomatic efforts to integrate and strengthen Western Europe.

Preconceived European notions of civil society, government, unionization, consumption, distribution and production, not to mention particular national visions of what was best for national security met the ECA’s messages head on. The Marshall Plan’s prescriptions, that ECA officials plainly assumed would be openly embraced and internalized by the European public, took on a life of their own, in the end, often forcing

the Marshall Planners into a defensive mode of damage control. While many Europeans welcomed Marshall Aid and did not see American efforts to modify their behavior as intrusive, others were less enthusiastic. The Marshall Plan essentially became a discursive pole around which complex and multi-varied European political, economic and social discussions gravitated. As such, US economic aid and the informational programs it supported often spilled beyond the confinements of their intended purpose and assumed a symbolic function in European civil society serving as the target for frustrations Europeans had long harbored regarding the social and economic change brought about by modernization and long-term political and economic changes in European societies.

Caught in the wrong frame of mind, perplexed US officials stood by as European debate regarding the Marshall Plan mutated beyond their recognition into realms that sometimes had little to do with American Cold War politics or US economic concerns and foreign policy interests but far more to do with local political concerns or the functional class differences and anxieties that modernization, in the neo-liberal paradigm based on high production and abundant consumption, was meant to gloss over. The failure of these unprepared US officials to effectively counter these unanticipated reactions to US assistance and ECA public information programs meant that the United States often came to be directly associated and often blamed in the collective European consciousness with all the unfavorable downsides of a modernized, mass consumer economy that had, despite European forgetfulness, laid its claim on the European political economy far earlier than 1948 when the ECA's Marshall Planners came to town.

The following chapters describe the various responses of the British, French, German and Danish publics to various aspects of the ECA's program. Though the British tended not to protest US recommendations for restructuring the productive machine of Europe, the ECA failed to realize that this had little to do with the success of its program and much more to do with a strong precedent for British trade unions and politicians to support this position. In France, Denmark and Germany, ECA's public outreach efforts unintentionally exacerbated social tensions regarding modernization and industrialization that had lain under the surface of those societies for decades. Having mistakenly found its British program to be quite effective in generating public support for aiming at high production and consumption, those charged with these other programs were caught unawares in the middle of intense domestic European political, economic and social debates and sometimes implicated in causing the demise of European society. US sponsored ECA public diplomacy thus became the scapegoat in bitter internal debates that, try as US information officials might, would remain beyond the purview of ECA and pose a certain amount of danger to the larger US project of reviving and integrating Western Europe by virtue of the negative, anti-American publicity they stood to generate.

Chapter Five

Support from All Angles: ECA, the Anglo-American Productivity Council & British Labor

Thanks to the Yanks,
We're better off than we might be.
Now tell me how
We shall be in '53.

We have done wonders. Yes I'm very proud
I like some boasting, if it's not too loud.
But that's the year – or is it '52 –
When we must pay for all we use and chew.

And I shall vote for anybody who
Knows what to do in 1952.

That is the year that we should not ignore,
When Mr. Marshall is about no more.¹

- A.P. Herbert in British weekly *Sunday Graphic*, 1950.

On April 6, 1949, the ECA hosted a dinner program in the Sapphire room of Washington's opulent Mayflower Hotel to welcome a number of British guests invited in celebration of the newly created Anglo-American Productivity Council (AAPC). As diners enjoyed their five-course meal, featuring terrapin soup and prime rib,² a menu sure to impress British guests who had experienced severe shortages during the war and who were still subject to rationing of meat, fats, sugars and eggs,³ US officials welcomed the visitors with sympathetic words. "The way the United Kingdom has grappled with its own economic problems has been in the best British tradition," ECA's deputy administrator Howard Bruce proclaimed. This effort, he complimented the British in the audience, "is worthy of your great country's long history of achievement." Regardless of

¹ Memo to Longman, Drummon, Mullen, Nuse, Grossman from Joseph S. Evans, Jr, subject The Marshall Plan and Britain's Election Campaign, dated January 30, 1950, Entry 303, Box 4, RG 469, NARA.

² From dinner program of the AAPC at the Sapphire Room, Mayflower Hotel, Washington, DC, April 6, 1949, Entry 173, Box 24, RG 469, NARA.

³ See memo to Boris Shishkin, Chief Labor Division OSR, & Harry Martin, Chief Labor Information Division OSR, from ECA London, dated January 6, 1950, Entry 1048, Box 15, RG 469, NARA.

Bruce's kind comments, the real occasion for this meeting was to commemorate a component of the broader ECA project of economic assistance to stumbling European economies. Though the British, through a tough postwar austerity program, had improved their balance of trade and stood in better stead than most of their continental neighbors, the fact remained that this former imperial power now required the assistance of the American upstart to repair the national and international economic infrastructures over which it had once wielded such great influence. Bruce, acting on the American conception of the British as cooperative partners, praised "the spirit in which the British people have accepted the essentials of recovery," calling it "inspiring to a degree."⁴

Regardless of Bruce's portrayal of British accommodation to US policies, the dinner guests were all well aware of the real purpose of their visit, the formation of a Council on Productivity inspired, fully integrated in and financially supported by the ECA aid program, the newest expression of American economic and diplomatic power. Nonetheless, Bruce was not merely paying lip service to some theoretical British cooperation. The British, and especially the British labor movement, showed themselves to be willing partners in the international productivity mission and in ECA's flagship productivity council, the AACP. As opposed to the continental European nations, who would later prove to be more contentious partners in the ECA's project, the British embraced it early on and enthusiastically supported the creation of the AACP as an expression of British participation in and leadership of the productivity drive that would bring its economy out of the woods.

⁴ Address by Howard Bruce at Anglo-American Productivity Council Dinner, Washington, DC, April 6, 1949, Entry 173, Box 24, RG 469, NARA.

The AACCP was indeed a joint effort between American and British partners. However, the concept of productivity councils figured quite large in ECA's Europe-wide strategic plan for elevating production and security. In the spirit of its roots in the consumer goods business and its many connections to the US advertising industry, ECA had repeatedly emphasized that "we are essentially in a 'retail' business" meaning that "we have to change the attitude of a person somewhere, or a pattern of action . . . in a factory" to achieve its goals.⁵ However, lest ECA and the US be left holding the full tab and perpetual responsibility for this effort, ECA demanded from the beginning that an exit strategy be firmly entrenched in its productivity projects in Western Europe.

"We are also very much concerned," ECA productivity professionals stressed, "with the necessity of the Europeans picking up this job for and by themselves, and therefore we are doing everything we can to establish local institutions which will provide their own momentum, and over a longer period of time, create what we might call a 'wholesale' effect" that could generate sustained higher productivity through promotion of certain attitudes and approaches to production.⁶ The ECA thus dabbled not only in securing increased European productivity by reaching out to individual Europeans through its own apparatus but also engaged in building European institutions that would support and uphold ECA's job of encouraging high production long after the ECA's scheduled dissolution in the summer of 1952. As Deputy ECA Administrator Howard Bruce described the situation, "at ECA we feel that our job is to help get the machinery

⁵ Undated, untitled memo on The Productivity Program, Entry 1409, Box 21, RG 469, NARA.

⁶ Ibid.

started and then retire, leaving further responsibility to the European countries and private initiative on both sides of the Atlantic.”⁷

To accomplish this goal, ECA envisioned that, eventually, each nation participating in the ERP would establish a national productivity agency to complement ECA efforts and to secure the desired cooperation of all functional groups in European society toward the attainment of productive growth economies. Not only would this support the job of sustaining productivity once it was returned to the Europeans, but ECA also surmised that “joint sponsorship by the European government concerned and the US will minimize any charges of intervention or any criticism that the program is designed indirectly to benefit the US rather than the citizen of the country.”⁸ While the US did indeed intend “to influence the fiscal, trade, investment and labor policies” of Marshall Plan countries “through negotiation with the participating country government, and particularly with regard to the release of counterpart” and did require that “we must condition the extension of any direct assistance to any particular firm or industry so as to assure”⁹ ECA aims, a joint-venture represented in a cooperative agency that “secured maximum sponsorship” from native European players was deemed more acceptable than a program “publicized as merely an ECA undertaking.”¹⁰

Cooperative, corporatist, bent on pursuing economic growth and composed of carefully selected representatives of all functional groups within each country, the

⁷ Address by Howard Bruce at Anglo-American Productivity Council Dinner, Washington, DC, April 6, 1949.

⁸ Airgram on ECA Production Assistance Drive, June 5, 1951, Entry 1049, Box 5, RG 469, NARA.

⁹ Undated memo on The Productivity Program. Counterpart funds, made up of deposits in domestic currency equal to the amount of American aid received, played a key role in the Marshall Aid program and were controlled by ECA to be used for ECA approved infrastructural projects in each of the recipient countries.

¹⁰ Airgram on ECA Production Assistance Drive, June 5, 1951.

national productivity councils that the ECA encouraged each Marshall Plan country to establish in conjunction with the US aid agency were representative of the very ethos ECA supposedly stood for. In essence, these agencies served as public relations projects themselves. Not only did their very existence prove that pursuit of productivity was a collaborative effort, but these councils, entrenched in the national economies and politics of each Western European country and populated by European natives, substantiated ECA's claim that reconstruction remained in the hands of the European countries that received American assistance. Establishing such an organization was especially important in Britain, ECA administrators believed. Since "the British are extremely sensitive about invidious comparisons between the efficiency of British and American industry," ECA suggested that "it is vital to the success of ECA's role in Britain's productivity drive that we operate through an effective British agency."¹¹

While each Marshall Plan country was expected to cooperate with ECA in establishing a joint productivity agency, the AACP was the first. As such, AACP was considered the prototype of these organizations and the ECA efforts that were to bring "representatives of the government of the country, of industry, labor, agriculture, distribution and the consumer" as well as "one or two ECA representatives"¹² together in a cooperative unit to work on implementing a plan, largely of ECA's own making, to work toward creating a more productive political economy in which benefits of abundance were well distributed and in which most groups would perceive they had a share. The ECA's British project began earlier than some of its others and thus the

¹¹ Undated report of the Ad Hoc Committee on Productivity to John W. Harriman on ECA's Role in Britain's Productivity Drive, Entry 1423, Box 6, RG 469, NARA.

¹² Airgram on ECA Production Assistance Drive, June 5, 1951.

dynamics of its relationship to the productivity program and the circumstances surrounding the reaction of its component parts to its project serves as an effective window on ECA's projected programs in Western Europe.¹³

Though ideally all ERP nations were to undertake the productivity programs of their own accord and only with slight nudging from the Americans, the fact remains that the AACP and the other facets of the British ECA program conformed far more to the collaborative ideal emphasized in ECA rhetoric than did many of the other programs. Britain, since WWII regarded as the willing American partner, did not, ECA believed, present a strong threat to the US aim of achieving elevated production nor did it favor communist solutions to distributive challenges. Britain, it seemed, was capable of forging a relatively independent path toward a growth economy through the semi-autonomous AACP and the efforts of its own labor, industrial and political establishments without constant ECA surveillance. Washington hoped that with some work, an economically strong Britain could potentially lead the European integration that US foreign policy envisioned.¹⁴

¹³ For further discussion of the purpose of and creation of the European productivity councils, see Carew, 133-147 and 161-183. Carew's chapter 11 also provides information on the European Productivity Agency created by the OEEC in 1952 at the US suggestion to promote European-wide productivity to meet Western defense needs. Another pointed source of information on the AACP, its roots, purpose and its possible success is Carl H. Gottwald, "The Anglo-American Council on Productivity, 1948-1952: British Productivity and the Marshall Plan" (Ph.D. diss., University of North Texas, 1999.)

¹⁴ For insight into the history of the so-called "special relationship" between the US and UK see Alan P. Dobson, *The Politics of the Anglo-American Economic Special Relationship, 1940-1987*, (New York: St. Martin's Press, 1988) that deals with the intricacies of US-UK economic cooperation. See especially chapter 4 for details on the period 1947-53 and British dependence on US assistance due to trade deficits, the high costs of occupation obligations in Germany and defense commitments. As Dobson points out, Britain, on the other hand, was disposed to resisting the surrender of its sovereignty to an economically or politically integrated Europe. However, the US was generally able to pressure Britain to cooperate with promoting at minimum a European regionalism due to its weak position, the threat of Soviet expansion and the creation of NATO in 1949. Furthermore, the French announcement of the Schuman Plan also pressured Britain to cooperate, Dobson, 113-125.

Carefully composed of thirteen British and eight American members, “the object of the Council was to exchange views on the question as to whether there are ways in which United States industry could co-operate in assisting [productivity] efforts.” In order to conform to the ECA’s corporatist mission, the thirteen British members were nominated by the Federation of British Industries, the British Employers’ Confederation and the Trades Union Congress (TUC), the umbrella labor organization that encompassed the bulk of the British trade union movement.¹⁵ The American members were less democratically selected, having been hand-picked by Hoffman himself.¹⁶ The AACP first assembled in London in November of 1948 with follow-up meetings in the US in March and April of 1949. At these initial meetings, the British and American Council members concurred that “a rising trend in mechanization and utilization of manpower is essential to a British economy of expanding scope and magnitude.” As per ECA’s overarching aims, the AACP was to assist in maintaining the “constant and enthusiastic vigilance [that] is necessary on the part of management to keep abreast with, and to apply, the best practices and most modern methods” required to enhance production.¹⁷ To address its task of fostering shared technical information between the US and Britain, the AACP convened some five committees dealing with such issues as arranging plant

¹⁵ Undated, untitled Anglo-American Council on Productivity Report, Entry 1051, Box 1, RG 469, NARA. The original Council membership roster was composed of four members from the Federation of British Industries, three members of the British Employers’ Confederation and six members of the Trades Union Congress, see *Anglo-American Council on Productivity: Report on the First Session, November 1948*, Entry 173, Box 24, RG 469, NARA. Of the eight American members, four were industrial representatives and four labor organizers, see list of members contained in folder number one on AACP in Entry 173, Box 24, RG 469, NARA. In 1949, of the 9,157,000 members of the 22,377,000 civilian workers in Britain, 7,937,000 belonged to the 187 unions represented by TUC. See memo to Boris Shishkin, Chief Labor Division OSR, & Harry Martin, Chief Labor Information Division OSR, from ECA London, dated January 6, 1950.

¹⁶ Anglo-American Council on Productivity Progress Report dated January 17, 1949, Entry 173, Box 24, RG 469, NARA.

¹⁷ Undated, untitled Anglo-American Council on Productivity Report, Entry 1051, Box 1, RG 469, NARA

visits and technical exchange and productivity team visits, studying the maintenance of the productive plant, measuring the relative levels of productivity between the US and Britain and specialization in industrial production.¹⁸

Theoretically, in ECA's rhetoric at least, attaining productivity remained the job of the private sector, which was to synergize its efforts with labor, hence the reasoning behind AACCP's composition of members of both labor and management and its insistence that the AACCP was primarily a non-official British organization. The many visits sponsored by AACCP and the reports from labor and industrial representatives that resulted from them were offered as proof of the highly collaborative and private nature of the AACCP projects. However, in practice, the entire ECA program was essentially a state supported effort to attain a political economy based on achieving an economic growth that supported particular international security aims and the productivity councils remained outgrowths of this vision.

Despite ECA's insistence that in Britain "the responsibility of Government towards raising the production efficiency of industry is primarily for helping in making available some of the tools and services with which industry can do the job for itself" and that "in any approach to industry the Government must work through, and with the co-operation of, industrial organizations,"¹⁹ primarily the corporatist membership of the AACCP, the fact remained that this Productivity Council was itself the brainchild of Paul Hoffman and Sir Stafford Cripps, British Chancellor of the Exchequer. The AACCP

¹⁸ Anglo-American Council on Productivity Progress Report dated January 17, 1949. See also Anglo-American Council on Productivity, Interim Report of the US Section to February 1950, Entry 1058, Box 22, RG 469, NARA.

¹⁹ Telegram from MSA London to SRE Paris, Subject Proposed British Programme for Moody Amendment Aid, dated September 13, 1952, Entry 1409, Box 21, RG 469, NARA.

project was funded not only from contributions from British industry but also from British government grants and, of course, the ECA technical assistance program.²⁰ ECA assumed the expenses incurred by the AACP technical exchange study trips while in the US and the British government paid for their travel expenses to get there. While British employers, trade associations and the labor organizations involved covered the remainder of the expenses, the fact remained that the US government funded the bulk of AACP's efforts while the British official and private sectors merely supplemented them.²¹

As such, the AACP was essentially another state supported initiative, albeit with attractive corporatist and internationalist credentials, aimed at furthering the US aim of creating an international economy that supported its strategic and security interests, interests that were shared by certain elements of the British political economy as well. To their credit, ECA administrators publicly owned up to this fact on occasion and admitted that "the idea behind the Council is basic to the philosophy of the entire European recovery program. Cooperation – cooperation between the free people of Western Europe and the United States – is the cornerstone upon which we are building a new economic structure – a structure that, we hope, will be strong enough to stand the extraordinary stresses of our times."²² Since they deemed it best for the greater common good, for the likes of Hoffman and his allies in the Truman administration, achieving this economic structure could be portrayed as serving internationalist interests and not merely American aims.

²⁰ From general letter on progress of AACP by Hoffman dated June 20, 1949, Entry 173, Box 25, RG 469, NARA.

²¹ From undated report "The United Kingdom Industrial Productivity Program" by James Stern, Production Specialist, ECA Labor Division, Entry 1423, Box 6, RG 469, NARA.

²² Address by Howard Bruce at Anglo-American Council on Productivity Dinner, Washington, DC, April 6, 1949.

Couched in this rhetoric, the AACP and the broader ECA productivity program assumed the public veneer of a worthy collaborative endeavor. Indeed the work of the AACP itself served as proof that the US productivity program aimed to achieve the ideal balance between management and labor. Both British labor and British management would benefit from the technical exchanges and specialist visits the AACP offered, arranged and funded. In the first nine months of the AACP's operation, two teams per month from a broad range of British industries traveled to the US to study American production methods. Overall, this experience was a fairly intensive one. Team members, usually four workers, four technicians and four members of industrial management, were required to undergo a three-week briefing in the UK before departure. Their study trip abroad in the US generally lasted six weeks and upon their return they were expected to log another six weeks of travel within Britain to disseminate the information garnered from their interaction with American counterparts.²³ Between 1948 and October 1953, ECA sponsored a total of 225 teams and 1,532 participants on such technical visits, 66 under the auspices of the AACP, and disseminated over half a million visit reports all aimed to "strengthen Britain's capacity to earn her living in world markets and to sustain her contribution to western defense."²⁴

²³ From undated report "The United Kingdom Industrial Productivity Program" by James Stern, Production Specialist, ECA Labor Division. See also Memo to all Mission Productivity Officers from Arthur C. Hastings, Jr., Chief, Productivity Division OSR, Subject Report in the Third Session of the Anglo-American Council on Productivity, dated November 10, 1950, Entry 1058, Box 23, RG 469, NARA.

²⁴ Airgram from ECA London to SRE Paris dated September 28, 1953 subject United Kingdom Productivity and Technical Assistance Program, Entry SRE 1950-54, Box 2, RG 469, NARA. See also undated report "General Background on United Kingdom," Entry 1058, Box 23, RG 469, NARA. Another report estimated that British industry associations had purchased over 600,000 copies of the productivity reports generated by technical visits – see Airgram report USOM London to FOA Administrator, subject Technical Assistance Submission for Congressional Presentation, dated February 1, 1954, Entry 1409, Box 21, RG 469, NARA.

This collaborative focus embodied by the AACCP was only strengthened with the focus on labor and management collaboration expressed in the Benton-Moody amendments to the Mutual Security Act of 1951. Despite the fact that the ECA was officially disbanded in June of 1952 when Marshall Aid expired, its foreign assistance work was carried forward by this Mutual Security Act and the MSA served as the administrative successor to the ECA. The Mutual Security Act emphasized and refocused the American dedication to attaining higher international productivity and achieving an international economy through encouraging free enterprise by formally associating the international growth economy and a strong free labor movement with international security now fully dedicated to rearmament. The Benton Amendment, introduced by original CED member William Benton, now US Senator, declared that it would henceforth be US policy “to eliminate the barriers to, and provide the incentives for, a steadily increased participation of free private enterprise in developing the resources of foreign countries consistent with [these] policies.” Furthermore, it empowered the US government to “discourage the cartel and monopolistic business practices prevailing in certain countries receiving aid . . . which result in restricting production and increasing prices, and to encourage where suitable competition and productivity.” Finally, Benton’s work allowed US to officially “encourage where suitable the development and strengthening of the free labor union movements as the collective bargaining agencies of labor within such countries.”²⁵ The Moody Amendment created a special \$100 million fund to carry out programs that would further Benton’s proposals.

²⁵ Copy of Benton amendment to Mutual Security Act of 1951 contained in letter to Arthur Deakin of TUC from Glenn R. Atkinson, US Labor Attaché, Entry 1423, Box 1, RG 469, NARA.

Initially, the crux of ECA's problem in getting a successful productivity program off the ground in Britain rested in large part on the apprehension of ECA officials felt concerning the possible hold of "traditional attitudes of the members of the unions with regard to increasing productivity," that is, "the movement's historical opposition to, and lack of interest in, higher production."²⁶ Prior to the AACCP meeting in the fall of 1949, *New York Times* articles implied that this reservation weighed heavily on US officials and cast doubts on the future success of the Council for Productivity. Journalist Michael Hoffman reported that the creation of the AACCP had "caused a wave of apprehension in Britain that Americans were coming over to tell the British how to run their business." The convening of the AACCP in October 1949 was particularly bothersome, Hoffman suggested, as this was "a time when unencouraging production reports are reminding the British that the problem of economic survival is far from over." As Michael Hoffman observed, the AACCP had "been embraced more heartily by British industrialists than by the Trades Union Congress. American circles were surprised and disappointed that when the first members of the United States delegation arrived, they were met by a representative of the Federation of British Industries but not of British trade unions."²⁷ Added to this, already in 1948, the American ambassador to the UK had observed that "the TUC attitude toward collaboration with American and European labor groups in a common program to further recovery objectives and to combat Communist opposition in Europe can only be described as timid and vacillating." Though the ambassador admitted that "this is probably due less to the attitude of British labor itself than to its leadership,"

²⁶ Memo to Tom Crowley from Glenn R. Atkinson, subject Productivity, July 6, 1951, Entry 1423, Box 6, RG 469, NARA and Briefing Paper on Productivity dated May, 1951, Entry 1423, Box 6, RG 469, NARA.

²⁷ Clipping of Michael Hoffman, "Industry Parlay to Open in London," from the *New York Times*, October 24, 1949 filed in Entry 1051, Box 1, RG 469, NARA.

he still felt that the British government, Labor Party and TUC could do more “to encourage a more forthright policy.”²⁸

This information did not bode well for ECA’s mission to reach out to British labor. ECA saw the AACP “as something of a symbol for effective management-labor cooperation in the productivity drive, not only in the UK, but throughout Western Europe,” and believed it could serve as a particularly potent motivational tool “in those countries where the union leaders have a constant struggle with the Communist elements.”²⁹ With labor commitment envisioned as an essential component to the corporatist productivity effort and the AACP valued as the flagship effort of effective cooperation of both sides of industry in Western Europe, the potential lack of enthusiasm on the part of the British labor movement for the AACP and ECA’s essential productivity project simply would not do, and ECA insisted that “a greater effort must be made to alter this attitude to one of greater acceptance of technological change in industry.” ECA thus marked as crucial the mission to “urge full participation of the unions on all productivity teams of the AACP” and advocated “the appointment of a TUC committee . . . to give special consideration to this field and give guidance to the constituent unions in their efforts to meet the problem.”³⁰ ECA intended to focus its efforts on currying the favor of the British labor movement to make it the model corporatist emblem of labor-management collaboration for all of Europe.

These initial concerns regarding British labor’s commitment to the ECA project proved unfounded. Already by 1950, once the first few rounds of the AACP team visits

²⁸ Telegram from the Ambassador in the United Kingdom (Douglas) to the Secretary of State, August 31, 1948, *Foreign Relations of the United States, 1948: vol III*, 485.

²⁹ Letter to Paul Hoffman from W. John Kenney dated 28 April, 1950, Entry 173, Box 24, RG 469, NARA.

³⁰ Memo to Tom Crowley from Glenn R. Atkinson, subject Productivity, July 6, 1951.

returned home to the UK with their positive observations of US industry and unions, ECA representatives heralded the fact that “British Labor has advocated ERP from the beginning and has stressed the need for productivity on being presented with the facts of American experience.”³¹ TUC, though it had liaised with Soviet unions and the communist international labor movement during the war to create a united front against Nazi Germany, held little sympathy for a true international communist movement and was generally dedicated, as were the mainstream American labor movements, to securing a free, non-communist international labor movement in the postwar period.³² As such, ECA concluded that “in keeping with the dignity of British Labor’s own ability to handle its affairs, no pamphlets or materials have been published by the Labor Information Officer for special distribution to British workers” as “democratic leadership made this unnecessary. Both leadership and membership,” ECA decided, “would have been affronted by such methods.” The ECA would leave British Labor to its own devices rather than bombard them with US informational materials and merely provided the British with statistics and information about American society, policies and trade unionism trusting them to use them favorably in their own informational work.³³

Satisfied that the wider British free trade movement was healthy, noncommunist and successful, US officials could not justify the expenditure of Benton-Moody funding to support the British labor movement as it would be “inappropriate in a country where free trade unions are strong and have received such recognition and acceptance.” Benton

³¹ From untitled report from Labor Information Office in the United Kingdom dated January 31, 1950, Entry 1052, Box 11, RG 469, NARA.

³² Romero, 17-18. The American CIO had itself cooperated in a similar degree with the Soviets in an international labor front during WWII as had many other labor organizations in the democratic world.

³³ From untitled report from Labor Information Office in the United Kingdom dated January 31, 1950.

proposals encouraging free trade unions and collective bargaining would instead “serve admirably to assist . . . in countries where free trade unions are struggling for recognition and acceptance as a factor in industry.”³⁴ The real problem in Britain, according to US officials, remained the fact that “the UK is relatively overpopulated and there are no significant unemployed capital resources or manpower.” Thus, “the only workable approach to an expanding economy [was] as systematic and aggressive attack on the problem of expanding productivity.” The true challenges stemmed not,

as on the Continent, from problems of inequitable distribution of income, lack of a sense of social responsibility in the national community, or significant Communist infiltration of the labor unions. They spring instead, from the frustrations of thirteen years of continuous austerity, of the constantly renewed call for further sacrifices to meet further crises. Since international bankruptcy is unacceptable, and since the desire for at least some rise in living standards in return for protracted sacrifice and self-discipline is inescapable . . . unless means can be found promptly to speed up the expansion of Britain’s economic base, serious threats will develop both to Britain’s economic stability, which depends on her efficiency in world competition, and to the bi-partisan foreign policy of a partnership with the US in leading the free world. The only open frontier towards an expanding economy is productivity.³⁵

Though ECA maintained that labor was initially at fault for not pushing productivity even higher, industry also shared the blame for not improving the productive process in Britain. ECA estimated that though Britain had generally furthered its own effort to increase productivity since 1945, it also argued that “historically, British industry has been characterized by the absence of the competitive spirit which in the US acts as a spur for lowering production costs.” ECA blamed “a continuous seller’s market

³⁴ Memo to Lincoln Gordon from Glenn Atkinson, subject Implementation of Moody Program in United Kingdom, dated December 3, 1952, Entry 1058, Box 22, RG 469, NARA.

³⁵ MSA/UK Mission Proposals Concerning UK Program Under Benton/Moody Amendments, October 16, 1952, Entry 1058, Box 22, RG 469, NARA.

and an extraordinary high tax load on business” for “[offsetting] at the plant level nationwide endeavors to instill a spirit of ‘cost consciousness’ in management ranks.”³⁶ Ultimately, ECA felt that it was here it could be most effective, and when the Benton-Moody amendments were passed, it deemed that the only real “relevant Benton/Moody Amendments . . . are the discouragement of restrictive practices, the encouragement ‘where suitable’ of competition, and the encouragement of increased productivity to promote an expanding economy.”³⁷ Additional aid to encouraging a free labor movement would be reserved for those unions on the Continent that grappled with the perceived communist menace, those the ECA regarded as less organized and more anti-American and thus the job of dealing with British labor was ultimately left to AACP and ECA’s involvement in that organization.

The ECA decision not to pour vast amounts of Benton-Moody funding into a British information program and to rely instead on the semi-private AACP and the TUC to do the job of promoting productivity among the essential ranks of British labor ultimately proved to be a wise one. Records show that despite some initial coolness TUC demonstrated to the American focus on productivity, British reaction to the US suggestions regarding technical improvements in the early Marshall Plan years and the Western productivity drive Truman announced in 1951 remained fairly positive overall and demonstrated a distinct willingness on the part of the British labor movement to pursue a policy of increased production designed along the lines advocated by ECA and

³⁶ Report on ECA London Production Assistance Drive by Thomas T. Crowley, July 3, 1951, Entry 1423, Box 6, RG 469, NARA. See also undated report of the Ad Hoc Committee on Productivity to John W. Harriman on ECA’s Role in Britain’s Productivity Drive.

³⁷ MSA/UK Mission Proposals Concerning UK Program Under Benton/Moody Amendments, October 16, 1952.

the AACP. As labor was a crucial component of the ECA project and the cornerstone of the Benton-Moody amendments and productivity drive of the early 1950s rearmament project, ECA took the cooperation of English labor as a signal of its success and counted it as a feather in its cap.

Already in mid-1949, ECA gladly reported that TUC's General Council openly adopted a resolution professing that "the trade union movement 'realizes that a permanent solution of the nation's difficulties can only be found internally in a greater volume of production at lower cost, and raising the purchasing power of wages and externally in international concerted efforts to maintain living standards and full employment.'" In ECA's eyes, TUC had cleaved itself to the adage that " 'the establishment of British trade and industry on a basis which will permit us to play our part in developing a world-wide system of multilateral trade with freely convertible currencies' [was] the basis of sound economic policy." All indicators pointed to the fact that British labor appeared to support the core of US foreign policy that informed all US foreign assistance. Though ECA recognized that there would be some residual leftist resistance to this line, in Britain it did not fear the communist movement as it did on the continent.

ECA generally dismissed any challenge from the communists as it felt that the British Communist Party's suggestion that "if only profits were further limited, prices and takes could both be reduced, wages and social service payments both increased and all the problems of life solved by dropping the Marshall Plan and instituting something like free trade with the Russian area" was "such obvious economic nonsense that it will

attract practically no support.”³⁸ Since TUC had itself stated that though “the Trade Union Movement has never precluded a minority within the Movement from seeking to change its policy,” communist efforts to do so were “contrary to the whole conception of our Movement, foreign to its tradition, fateful to its prestige.” As TUC leadership regarded the communists within its ranks to be operating under “craftily planned arrangements” aimed to undermine a “democratically determined policy . . . at the behest of an outside party,”³⁹ ECA felt it had little to worry about. Bill Gausmann, ECA’s Labor Information Officer in London could thus be comfortable in reporting from a confrontational labor gathering in South Wales, one of the more pacifist and communist strongholds in Britain, that the British communists had essentially been cowed. Despite the fact that he appeared before a virtually all-communist audience, the composition of which he attributed to the event being mistakenly scheduled at the same time and town as the England vs. Wales football match, he reported that even after “the articulate audience” debated him for five hours, he left them “pretty well on the ropes” and that they all “left the hall in hang-dog fashion.”⁴⁰ In Britain, ECA celebrated the fact that objective economic logic and good common sense had triumphed over a waning communist movement.

³⁸ Memo to Marion Hedges, Office of Labor Advisors, ECA Washington from William Gausmann, subject Background for Stories on Forthcoming Meeting of TUC, August 24, 1949, Entry 1051, Box 6, RG 469, NARA.

³⁹ From copy of TUC newsletter *Industrial News*, November 26, 1948, Entry 1030, Box 9, RG 469, NARA.

⁴⁰ Memo to Harry Martin, Director Labor Information OSR Paris from William Gausmann, Labor Information Officer ECA London, Entry 1423, Box 2, RG 469, NARA. The ECA generally held that the British Communist Party had little impact on broader British opinion and “no influence outside the insignificant membership of the Communist Party in the United Kingdom,” reply to unnumbered telegram dated December 18 from Mr. Harriman dated December 30, 1948, Entry 1030, Box 9, RG 469, NARA.

By 1951, Gausmann reported continued success on the British labor front. It seemed TUC, virtually devoid of any influence from Britain's 40,000 strong communist party,⁴¹ had indeed fully embraced ECA's mission and he found that

most British unions are increasingly demanding that their members have a say in the solution of production problems. They know that if the joint consultation they're demanding is to mean anything, the workers' spokesmen must be able to make a real contribution in their discussions with plant officials. Therefore, they must understand the latest management techniques. If they do, then union and company representatives, working together, can plan ways of increasing productivity – and the union men will be able to guarantee their members fair shares of the higher output.

This, Gausmann suggested, served as a corrective of the former image of TUC “as a great, slow, unimaginative beast” and the “new program of training union men to play a bigger part in solving production problems proves the old horse can still learn new tricks.”⁴²

It was not only at the policy level that British labor generally tended toward support of AACP and ECA policies. Rather than take issue with American production methods and philosophy for their potential dehumanizing and modernizing force as many of their continental European counterparts would do, the individuals who participated in the early AACP sponsored British team visits to the US praised American industrial experimentation. In particular, British representatives noted the American “concern to find out how people may work together happily and cooperatively inside of business, outside of business, inside a nation or outside a nation. Inside of business your workers

⁴¹ This figure is from TUC's *Industrial News*, November 26, 1948.

⁴² February 9, 1951 bi-weekly report on British labor problems recorded in London by William C. Gausmann, Labor Information Officer, ECA Mission to the UK for broadcast over station WFDR and other US trade union radio stations, Entry 1423, Box 2, RG 469, NARA.

have that urge to get hold of the thing. There is so much they can have,” Robert Lodge member of the Packing Team, British Specialist Team No. 2, reported. “What an urge it is,” he remarked, commenting not on the American greed or the capitalist inclination to dominate its workers by cultivating their lust for material things, but instead that “I place [this urge] much higher than your company policies and your trade unions. What a wonderful thing it is.”⁴³

The solution for this British citizen was that “we have to have the right spirit at home if we are going to get it over. We have the ability but we must change. We have to forget all about wars, austerity, and recreate that spirit of adventure which is a characteristic British spirit” and part of the unique American urge to have more. The solution Lodge proposed was for ECA to “inveigle all the members of Parliament . . . to spend just a fortnight in this country, just observing, just seeing what this spirit of higher standards means to people, means to all classes.”⁴⁴ For this member of the British industrial system, the US model of abundance was worth pursuing and replicating at home in Britain.

Overall, very few criticisms of the US system resulted from the returning AACP teams and instead, members of the AACP teams who traveled to the US generally expressed enthusiasm for embracing American expertise and attitudes toward production. Articles in TUC’s own magazine *Labour* emphasized that “the overall efficiency in the States is very much higher than it is in this country . . . due to a variety of causes – better

⁴³ Verbatim Record of Final Meeting of the Packaging Team, UK Specialist Team No. 2, held Wednesday January 25, 1950 in New York, Entry 173, Box 25, RG 469, NARA.

⁴⁴ Ibid.

lay-out, more standardization and specialization.”⁴⁵ Rather than balking at the homogenizing conformity and potentially dehumanizing aspects standardization and increased efficiency might imply, British unionists commended what they deemed the “decisive factor in American attitude towards work . . . ‘the infusion of the American way of life with the ideal of high production’” and suggested that perhaps, “rather than learning specific ‘know-how,’ it would not be more useful for Europe to adopt the American productivity spirit”⁴⁶ embodied in such governing principles as efficiency and standardization. Quite unlike protests emanating from their European brethren, British unionists appeared quite comfortable with adopting these concepts at home.

Edgar Harries in his article for *Labour* indicatively entitled “Just Yankee Hustle? No!” took issue with what he saw as the ill-conceived stereotype of inhuman American ‘speed-up’ and the “instinctive objection in British minds to standardization.” “When we visited American plants,” he remarked, “we looked out for evidence of the famous American ‘hustle,’ the pace of the production lines, or in the rate at which conveyors travel. Nowhere did we find that activity was more strenuous than in this country but – and this is a very big ‘but’ – the American works more effectively.” Instead of promoting exploitation of workers and consumers, Harries observed that adopting US methods of standardization could effectively solve problems and offered the example that “if the 127 different types of white cotton sheeting were reduced to 27, our cotton textile industry would have a much better chance and no one would suffer hardship” that might

⁴⁵ From clips of Edgar Harries, trade unionist, “Just Yankee Hustle? No!” from *Labour* contained in Labor Information Report to ECA USR in Paris dated September 19, 1949, Entry 1058, Box 22, RG 469, NARA.

⁴⁶ Quote from the *Glasgow Herald* contained in memo to Ruth Sivard, Acting Chief of Research and Analytical Section from Head, Press Intelligence Unit, subject British press slant report – Productivity, dated January 15, 1952, Entry 1058, Box 23, RG 469, NARA.

come should British industries fail due to their lack of efficiency. Moreover, he found that improving efficiency and standards actually benefited the individual worker as piece-work was virtually eliminated, a fair work-week established, and as “greatest care is taken in planning a straight line production flow, and the servicing of the operatives.”⁴⁷

Rather than subjecting the workers to an inhuman pace and repetitive motion, Harries felt work under US production methods had been made easier as

we saw no one in any American factory using hand tools – they were all electric. We saw no one carrying things about the place –there were conveyors, trucks, small escalators . . . If the operation is performed seated at a bench, the seats are carefully adjusted to the person using them. Time and motion study is almost universal, and in engineering, clothing, and textiles, as well as steel manufacture, the unions take part in the study.⁴⁸

Overall, British visitors concluded that US industries appeared to cater to workers’ needs and standardization and efficiency elevated everyone’s quality of life. Harries’ colleagues concurred with his views in the August 1949 issue of *Labour*, in an article “A Cooler Way to Better Output” that led off with the observation that American workers enjoyed better working conditions, despite their higher output, by virtue of the fact that they were provided with fans to keep them comfortable during their workday. Furthermore, British workers traveling to the US noted, “American welfare arrangements were generally good and it was a real eye-opener to find, at some works, a special laundry to wash the dirty overalls of the workers.”⁴⁹

⁴⁷ From clips of Edgar Harries, trade unionist, “Just Yankee Hustle? No!” from *Labour* contained in Labor Information Report to ECA USR in Paris dated September 19, 1949.

⁴⁸ Ibid.

⁴⁹ From copy of “A Cooler Way to Better Output,” from *Labour* contained in Labor Information Report to ECA USR in Paris dated September 19, 1949, Entry 1058, Box 22, RG 469, NARA.

Lodge, Harries and their AACP team members were not the only British workers impressed by US production methods and high output. Union leader Bob Edwards, General Secretary of the Chemical Workers Union of Great Britain, also endorsed AACP's and ECA's recommendations and expressed enthusiastic support for the "great momentum of American production" in an article published in the London *Sunday Times*. Edwards reported that

the forty-odd reports of the production teams which have crossed the Atlantic from Britain to study productivity in America all prove beyond any doubt that modern methods of production and scientific management, with the almost universal acceptance of incentive payment schemes, have made possible the constant increases in real wages and have extended rather than limited the influence and scope of the American trade unions.⁵⁰

As such, Edwards encouraged British unions to adopt such "modern production and management techniques to improve industrial efficiency." This would, he argued, "represent a revolution in trade union thinking, and while the British trade unions have no desire to apply American methods of production in their entirety to British industries, the trade-union movement is insisting on the need for increased production by means of modernization and re-equipment." Not only would this benefit British labor by increasing output and raising real wages, but in Edwards' opinion, it would preserve private industry by increasing profits available for capital reinvestment. "A more whole-hearted co-operation between managements and workers, and willingness to adapt themselves to new conditions" was imperative as "complacency will soon be shattered by increasing competition, particularly from America, Canada and the revitalized chemical industries of

⁵⁰ Copy of Bob Edwards, "The Only Way to Raise Real Wages," *Sunday Times* August 26, 1951 in Entry 1048, Box 15, RG 469, NARA.

Germany.”⁵¹ Thus, some Britons saw embarking on the productive project endorsed by ECA and the AACCP as means to national preservation and economic survival in the new postwar international order.

ECA celebrated these positive reports from the British workers who had traveled to the US on AACCP teams. All indicators seemed to point to the fact that the British fully endorsed American practices and shared US interest in increasing productivity through modifying plant management. In its final report, the US section of the AACCP noted that team reports had done a good job in conveying the difference in attitudes toward work in the US and the UK and in popularizing the American approach. “There is no doubt,” the US section reported, “that the teams and their reports have been ‘news.’” Much attention has been paid to them by the Press, both national and local, particularly the technical papers, and by the British Broadcasting Corporation. This,” US officials concluded, “has had the result that there is now an increased public awareness of productivity, as instanced by repeated references to the team reports in public and Parliamentary speeches and in editorial articles in the Press.” The US thus deemed the overall work of the AACCP to be a great success as “a growing number, including many who have no direct concern with industry, are realizing the importance to the national well-being of the highest possible productivity.”⁵²

Admittedly, a few grumblings did emerge amidst these celebratory British endorsements of the American labor and production regime observed on travels to the US. Juan de Zengotita, Second Secretary of the US Embassy in London, submitted

⁵¹ Ibid.

⁵² The Final Report of the Anglo-American Council on Productivity, Paul G. Hoffman Papers, Box 24, HSTL

details of one unfortunate visit of a British trade union representative to the US in late 1949. The British visitor in question “returned to England with the impression that Americans were fundamentally an adolescent nation with both the virtues and defects that the term in that context implies.” According to the US officials who had debriefed him upon his return to the UK, this unionist found “our country [to be] a land of sharp contrast where wealth may be found on every hand but a man may starve unnoticed.” This Briton described “the American worker as haunted by insecurity – fearful of losing his job; conscious that although he owns a rich car today he may be ruined by a few doctor’s bills in a perhaps not too distant period of unemployment.” The report went on to recount that “our friend did not find riding in [union leaders] Petrillo’s and Reuther’s bullet-proof cars entirely gratifying; he seemed to think the cars were symptomatic of something unhealthy somewhere in our unionism and in America.” Furthermore, the British visitor “also cited a case in West Virginia where the president of a musicians’ local union had been killed with a bomb, soon after the union was organized.”⁵³

Despite the disturbing observations and valid concerns of this British unionist, Zengotita easily dismissed his critique of American society commenting that “there is a certain bitterness in his attitude which the facts do not justify and for which we cannot find an explanation in what he said to us.” The problem, the US embassy concluded, was that this man could not get beyond his preconception that “actually American trade unionism has nothing to teach British trade unionism and that it is an impertinence to invite British trade unionists to learn from the United States.” Choosing not to recognize the faults and flaws this individual’s observations pointed to in a sometimes violent

⁵³ From Labor Report-UK, February 10, 1950, Entry 1050, Box 17, RG 469, NARA.

American society, the US embassy concluded that he was merely governed by the chip on his shoulder. The proof Zengotita offered was that “this view is not typical of British labor visitors to the US” and thus this man views could be easily discounted by ECA and the AACP. Indeed, Zengotita promised that “most British labor visitors came away impressed with the power and vigor of American labor” and thus ECA officials need not be concerned regarding this isolated incident but could conclude that their public outreach work had achieved its objective of winning over British labor.⁵⁴

Zengotita could easily shelve these observations since British reaction to US productivity and to the concepts that drove the AACP was by and large positive. There is little evidence in ECA records of any concern regarding the presence of prevailing negative British attitudes or of any reports of large-scale British resistance to the AACP or general ECA precepts. Whereas the populations of other nations staged significant protest or used Marshall Aid, productivity and their images of the US as a way to pressure their own governments and US officials into action, a fact that raised many concerns in ECA ranks, the British TUC and its constituent members tended to acquiesce, concur that “industrial relations in the US are better than in Great Britain,”⁵⁵ envy the US standard of living and typically sanctioned the productivity concept and US labor-management models. The existence of contentions over the real value of ECA advice and assistance in other European nations demonstrated a viable political debate regarding the future form their political economies should assume. However, in Britain, the general lack of such uproar over the productivity concept represented not necessarily the success

⁵⁴ Ibid.

⁵⁵ Telegram TOREP 9399 from Washington to OSR, Paris, November 18, 1949, Entry 1048, Box 15, RG 469, NARA.

of AACP and ECA efforts, but a consensus in British politics regarding the path the British economy should take.

Ever proud of the efficacy of its project and apparatus, ECA tended to attribute this fairly widespread British acceptance of productivity to its own work and that of AACP, finding that “one of the most important benefits of the Council’s work lies in the improvement of the climate of opinion about productivity.”⁵⁶ The positive impressions British visitors had of the US were, for the ECA, evidence that its program worked and that the productivity concept, as demonstrated in the US, was powerful enough to sway international opinion. The ECA typically held a good amount of faith in the normative qualities and transitive properties of US abundance, standards of living and productive power. As long as foreign visitors were exposed to first-hand experience of the US corporatist system in action, many within ECA trusted that they would be won over and return to Europe bent on replicating it at home. This was especially true in the early years of its operation when the British effort got off the ground, and the seeming success of the British program, evidenced by the general enthusiasm of British trade union men and women for attaining higher productivity following their trips to US industry, seemed to prove ECA’s idealistic conviction that the so-called superior US economic solution of production and abundance was a powerful public relations tool in and of itself. This early success, ECA would come to assume, was proof that similar programs would work in other countries and could effectively sway the prevaricating populations of France or Germany, for example, who faced greater challenges in revitalizing their economies in this crucial juncture in the early years of the Cold War.

⁵⁶ The Final Report of the Anglo-American Council on Productivity.

However, US officials failed to credit the fact that a pre-existing history of British support for the concept of elevating productivity and economic/industrial expansion to solve British problems surely played a part in consolidating British support for the productivity concept in the late 1940s and early 1950s. The British not only reacted to their observations of US industrial relations when they traveled to the US but were also influenced by a climate of opinion that had emerged in British politics during and immediately after the war that championed increased productivity as the solution to British challenges.

In 1945, the Labour government had seized power from Churchill's conservative cohort. Led now by Clement Attlee, the Labour government sought to ensure British economic recovery from a downslide that had begun slowly in the late 1800s, worsened with the global depression of the 1930s and virtually bankrupted the overstretched colonial power by the end of WWII. The industrial giant that had led the world in output during the 1800s had become overshadowed by continental European economic powerhouses and, finally, by the US and was fraught with conflict between labor and management. WWII and the war debt Britain incurred only served to worsen the situation. Economic resuscitation was to take place alongside the promise of socialist welfare measures that the Labour Party rode to victory on in 1945. The dilemma, of course, was how to fund social guarantees while supporting an industrial upturn that would secure Britain's economic upswing.

As part of its solution to this conundrum, the wartime coalition government had determined that a reinvigoration of British industry and elevated production of goods destined for export markets would serve to promote British economic health.

Recognizing that the success of British industry now depended on maintaining a successful export market for British goods in order to pay for necessary imports and support the social measures the government felt were essential to maintaining the appropriate social peace, many in government thus pushed to increase productivity in successful British industrial sectors that could sustain the British export market. Both industry and labor lobbied for their own agenda for postwar reconstruction. Industry feared government intervention while the union movement pushed for nationalization of some industries, increased state control, full employment, price control and other measures to protect workers' interests. However, neither completely rejected a solution that focused on increasing output.⁵⁷

Much like the Americans, the British polity ultimately reached the consensus that encouraging productivity to generate economic growth and restore trade was the best proposition for planning ahead to the postwar period. This position was reached far before and thus independently of ECA involvement and was hardly a shocking path for the British to take considering that the Keynesian economic theory was, in fact, home grown in the United Kingdom. Furthermore, a precedent for drawing upon American assistance had already been set during the war. Thus drawing upon solutions that posited higher production and demand as well as accepting American assistance and advice were not aberrations in British politics.

⁵⁷ For general background on Britain's industrial decline, remedies for it and British politics in the earlier part of the twentieth century and the immediate postwar period see Gottwald, chapters 2 & 3 and Nick Tiratsoo and Jim Tomlinson, *Industrial Efficiency and State Intervention: Labour 1939-51*, (New York: Routledge, 1993), chapter 1. For a look at TUC demands for the postwar period see Trades Union Congress 77th Annual Report, 1945, Entry 1423, Box 5, RG 469, NARA.

During the war, British officials, operating within a Labour-Conservative coalition government, had drawn upon the close alliance with the US to improve their troubled industrial infrastructure that left to alone would only be driven down further by competition from, among other nations, the US itself.⁵⁸ Alongside this economic relationship with the US, British wartime leadership had recognized that increased production and improved export markets could only be attained through better cooperation between labor, management and industry and through improved technical know-how and thus the Board of Trade established an agency known as the Production Efficiency Service in an effort to achieve these goals and plan for the postwar period.⁵⁹ Like the CED faction in American politics, during the war, Britain's coalition government concluded that a corporatist solution was the best option for a successful postwar political economy that could preserve Britain's national and international interests.

This solution continued to be the governing paradigm in postwar British politics. The Labour government came into the office under the operative assumption that engineering economic growth, with or without US assistance, would be the best way to revive Britain's economy, reenergize British society and provide the social measures it had promised its voters. Fortunately for the new ruling party, as Rhiannon Vickers has argued, "the close relationship between the leadership of the Labour government and the trade unions provided a basis from which to establish a new social contract, based on

⁵⁸ For details and examples of this cooperation, see Gottwald, 24 & 31-32 and Dobson, 20-59.

⁵⁹ For a more thorough discussion of the process by which the British government reached the decision to focus on increasing productivity during the war years, see Tiratsoo and Tomlinson, chapter 2.

class cooperation in return for full employment and social welfare.”⁶⁰ With the Labour Party in power, a party whose leadership and constituents had largely been drawn from the trade union movement, the British TUC was now more inclined to cooperate and support government policy and less likely to entertain more leftist suggestions for structuring the economy or to succumb to more extreme communist overtures. To aid its cause, the Labour Party could point to the fact that Prime Minister Attlee, Minister of Labour Ernest Bevin and Chancellor of the Exchequer Stafford Cripps, along with many others in the British Cabinet, had themselves been union leaders. (ECA considered Bevin “one of the greatest trade union leaders in British history.”)⁶¹

Diversity of opinions and political orientation certainly had existed within the ranks of TUC and the British labor movement in general, however, in an effort to secure productive postwar reconstruction, the Labour Party acted on the necessity of quelling any dissension in the unions from which it traditionally drew its electoral support. Recognizing the need to excise potentially contentious elements from its ranks, the Labour Party formally shut down any opportunity for the Communist Party of Great Britain to affiliate to the Labour Party by amending its constitution in 1946. By sidelining and marginalizing the British communist movement now expelled from the party and discouraged from joining TUC, the Labour Party’s union arm, the governing party of Britain significantly reduced the chance that anyone within its ranks would dispute its economic solution based on elevating production and exports.

⁶⁰ Vickers, 54.

⁶¹ Report on British Labor problems recorded in London by William Gausmann, Labor Information Officer, for broadcast over station WFDR and other US trade union radio stations, 1951, Entry 1423, Box 2, RG 469, NARA.

The fragmented nature of British labor primarily united under the large TUC also played in the Labour Party's favor. Many British unions had less than 5,000 members and only six had over 250,000 members. The 'big six' were generally on the right of the British union movement, staunch supporters of the party leadership, heavily represented in TUC and thus easily able to dominate any Congress meetings. By operating through large unions and TUC while simultaneously monopolizing on the representation of former union leaders in the government itself, the Labour Party was easily able to contain any real leftist protest, paint limited communist actions as disloyal and claim the support of the rank and file union membership for its policies. As a result, TUC, the leadership of which was replaced in 1946 by staunch anti-communists who privately professed a dedication to eliminate communism in the unions, grew less hospitable to leftist sentiment, attune to the political rewards of portraying itself as loyal to the government and thus far more representative of the right wing of the labor movement. Due to TUC's dominant voice in the disjointed British trade union movement and an organized effort to drive communists from its ranks, TUC's pervasive worldview came to represent an overwhelming union support for the Labour government's policies.⁶²

Thus, as Peter Weiler has pointed out, the British Labour government and TUC independently waged their own campaign of anti-communism to engineer the economic and political success of its own policies that overlapped, for the most part, with the major US aims. Leadership of the Labour Party, having cooperated effectively in the wartime

⁶² Vickers points out that perhaps the biggest points of contention between the Labour Party and the organized labor movement were over issues of foreign policy and defense, both of which the more leftist elements of the labor movement repeatedly challenged the party on in 1945 and 1946. See Vickers, 55-59. For discussion of the structure of the British labor movement see Vickers, 63-70. She also documents an organized anti-communist campaign within the British union movement itself on pages 70-73.

coalition government, came to be dedicated to a more centrist-conservative foreign policy to maintain British global influence and restore economic strength and moved away from the more leftist party line some of its constituents still adhered to. Just as the Truman administration found anti-communist rhetoric to be a useful tool for the promotion of its proposals, the Cold War permitted Labour and TUC, hampered by their leftist roots but facing increasingly challenging foreign obligations, to argue British foreign and colonial policies, that might otherwise have been perceived as driven by imperial motives, were in fact a way to defend international and individual freedoms from totalitarian incursion. This line of Cold War argumentation and the Labour move to the right also allowed TUC to portray working-class dissent within Britain as motivated by an evil Soviet empire, effectively silencing a lot of the protest Americans otherwise might have seen in Britain.⁶³

The increasingly conservative nature of TUC, generally purged of communist or leftist dissent, combined with Labour's insistence on full employment and establishing a new social contract based on class harmony and improved conditions, served to lend the impression and the reality of a large-scale public enthusiasm for pursuing higher productivity and non-leftist solutions to distributive challenges. The subsequent support of TUC for productivity enhanced the Labour government's position to attain its goal of elevating production, an aim it had maintained prior to Marshall Aid.⁶⁴ By 1948, a year

⁶³ Peter Weiler, *British Labour and the Cold War*, (Stanford: Stanford University Press, 1988), 190 & 228. Weiler's chapter 6 entitled "Manufacturing Consensus" gives a thorough treatment of this issue including a discussion of the creation of the "semi-secret Information Research Department" designed to target the trade union movement and discourage leftist dissent in the interest of supporting a more conservative Labour government.

⁶⁴ Report on British Labor problems recorded in London by William Gausmann, Labor Information Officer, for broadcast over station WFDR and other US trade union radio stations, 1951. US officials estimated that in 1949, TUC provided the Labour Party with 87% of its membership and one-half of its executive

before most of the trade visits to the US, the British TUC had already “issued an appeal for higher production.” TUC, having been promised as much by the government, saw this as a means “to safeguard the full employment and social services being provided under the Labour Government and to achieve economic recovery”⁶⁵ and as a way to quieting leftist dissent, was thus able to tone down demands for the more leftist solutions for a planned, state-controlled economy, by calling for some form of labor-management cooperation.⁶⁶

Observers noted that this

positive attitude of the British unions towards the productivity campaign is based in no small measure upon the fact of full employment and their belief that government planning will maintain it. The policy of ‘fair shares’ followed by the coalition government during the war and since by the Labour government has also played an important role in transferring workers’ attention, partially at least, from problems of distribution of the national income to ways of increasing it.⁶⁷

As long as the government continued to provide for the workers’ standard of living, which it maintained a growth economy could provide, members of the British labor movement was comfortable supporting an economic solution focused on guaranteeing higher output and had been interested in doing so before the labor visits to the United States and the genesis of the AACP or the ECA. Even ECA, on occasion, noticed that

committee, including its Chairman. Thus, ECA concluded that “the preponderant influence in the Party and correlatively, though to a lesser degree, in the Government, is the trade union element.” See Memo to Boris Shiskin, Chief Labor Div., OSR and Harry Martin, Chief Labor Info. Div., OSR from ECA, London, subject Information Requested in REPTO 1148, dated 6 January 1950. Rhiannon Vickers also describes the intimate TUC-Labour connections. See Vickers, 73-77.

⁶⁵ Briefing paper on Productivity, May 1951.

⁶⁶ See also article by Alfred Robens, MP and former official of the Union of Shop, Distributive and Allied Workers entitled “The Problem of Industrial Relations in Britain,” in *Progress*, Autumn 1955 that discusses the “need to improve industrial relationships” in Britain in order to avoid “disputes that affect delivery of our goods to the rest of the world, and our reputation.” This publication of Unilever is located in the Paul G. Hoffman Papers, Box 24, HSTL.

⁶⁷ Briefing paper on Productivity, May 1951.

British labor reports to the government would “take the point of view that the British labor movement has a definite responsibility for pushing the productivity drive because of the national crisis and the political responsibility of the movement, . . . urge a cooperative approach with management . . . and urge more careful use of incentive wage systems as a means of increasing output and as a non-inflationary means of increasing the workers’ pay packet.”⁶⁸

By the time indications of possible Marshall Aid came to pass and ECA’s international outreach work began, political leaders from both Labour and Conservative circles generally endorsed Marshall Aid as essential to British recovery and productivity to be the solution to British economic survival. In keeping with their policy of discouraging the more leftist elements in British society and encouraging the appropriate circumstances for high productivity and US investment, Labour leaders openly embraced American capitalism and advised their constituents that leftist charges against the “American Government as the most reactionary Government in the world today” were totally misguided. Such an erroneous view, John Strachy, MP told an audience in Cardiff in October 1949, was “very much out of date” and that instead he, a devoted Labourite, felt “more kinship with the present American Government and with the measures which it is attempting to carry through, than [he did] with a great many other Governments in the world today.”⁶⁹

Citing Truman’s efforts to concoct and push through rent controls, health insurance, unemployment insurance and other social welfare measures in his Fair Deal

⁶⁸ Memo to Boris Shiskin, Chief Labor Div., OSR and Harry Martin, Chief Labor Info. Div., OSR from ECA, London, dated 6 January 1950.

⁶⁹ Extract from a speech by the Rt. Hon. John Strachy, MP at the Cory Hall, Cardiff on Wednesday, October 5th, 1951, Entry 303, Box 4, RG 469, NARA.

program, Strachy implied that the US demonstrated a true liberal spirit and named the Fair Deal “a Liberal Labour Programme . . . the next most progressive programme in the world to the Labour programmes in this country and in the Commonwealth.” The British working people should thus, Strachy encouraged, cooperate with American workers and forge an effective partnership with the “giant . . . growing at a tremendous rate” across the Atlantic in order to enhance potential British economic success.⁷⁰ Co-operating with the US was essential, in the Labour government’s own view, to securing the economic growth it had already set its sights on. Promoting its allegiance to the productivity drive through TUC and its outlets was one fairly uncontroversial and familiar way for Labour to secure the American assistance it now recognized as essential to maintaining its own national and international policy aims.

In this speech, Strachy firmly identified Labour Britain with the forward looking US rather than with more traditional British international views. “There are governments,” he suggested,

with which our Conservative opponents are continually telling us that we ought to cooperate, with whom it really is very difficult for a Labour Britain to work, because the point of view which these Governments often represent, make it very difficult for a progressive country like Britain to coordinate its economic policies with them. But this difficulty does not arise in at all the same way with the American government. We have cooperated very happily indeed with the American Administration. They have understood our problems and our difficulties here very much better, in many respects, than our political opponents in this country.⁷¹

Indeed, ECA press analysis observed that “the British government is, of course, under attack from the Tory press which alleges that the British government is cooperating too much with the United States and with Western Europe to the detriment of

⁷⁰ Ibid.

⁷¹ Ibid.

Commonwealth and Colonial relations. It is occasionally attacked, for other political motives, for not going forward rapidly enough with political union with Western Europe.”⁷² However, despite often contradictory disagreement in British politics over issues concerning the degree of participation in the OEEC and criticism that the government relied too heavily on US assistance and advice, the adage that productivity was the solution to improving Britain’s situation was rarely challenged by the Conservatives.

Conservative party members had themselves advanced this approach in the coalition government during the war and were hesitant to denounce it. Quite aside from questioning the wisdom of pursuing a growth economy and achieving high productivity, the Conservatives instead attempted to generate public favor by criticizing Labour for holding back production advances. In response to the call Labour’s Chancellor of the Exchequer, Hugh Gaitskell, made in September of 1951 for productivity as “the only solution to Britain’s problems,” the Conservative press did not challenge his proposed plan to increase the size of the “cake to cut” rather than “cutting the cake in a new way” but instead “criticized the lack of a positive program” to attain greater production and the “Labour Party’s insufficient stress on production, particularly its lack of effective concern over improving productivity.” The government, according to Conservative reaction, far from taking the wrong approach to British economic problems, was not pursuing it aggressively enough.⁷³

⁷² Reply to an unnumbered telegram dated December 18 from Mr. Harriman repeating TOREP 2400, December 30, 1948, Entry 1020, Box 9, RG 469, NARA.

⁷³ Memo to Mr. Thomas K. Hodges, Chief Research and Analysis Section from Head, Press Intelligence Unit, Subject Report on the British press for the period 31 August to 15 September, 1951, Entry 1048, Box 15, RG 469, NARA.

The conservative *Glasgow Daily Herald* “blamed the government for the lag in productivity because of bureaucracy” and “attacked the government’s failure to fight ‘feather bedding’ practices, its restriction of working hours, and the inefficiency of nationalized industry.” Members of the Labour government, conservative journalists argued, “have completely failed to create in the minds of trade-unionists the sort of attitude to output which alone can rescue the national economy.”⁷⁴ Rather than being open to question in British politics, now that leftist dissent had been fairly effectively contained, achieving productivity was generally accepted as the correct solution to economic troubles and attaining it now a gauge for the political viability and success of the British parties. Productivity itself had clearly become central to Britain’s sense of self and was now an accepted, mostly unchallenged part of British political debate. Achieving higher productivity was not disputed as the correct step forward in British politics, but instead became the political golden ring as the parties clashed over who could most successfully implement a program to achieve the increased output they mutually agreed was the way to a stronger, more effective Britain.

According to ECA criteria for success that rested mainly on the necessity for a non-communist labor movement and overt public pronouncements in favor of the ECA project, it appeared that the British program was a stunning success. British labor, the government and the political opposition all enthusiastically endorsed the American mission. British labor remained largely united under the purview of non-communist TUC, generally paid homage, publicly at least, to US methods, and remained in lockstep

⁷⁴ Ibid.

with the British Labour government's choice to pursue the attainment of a growth economy.

Given these indicators, US officials deemed their work in Britain to be proof that the ECA's methods of exposing foreign labor to American practices in order to convince Europeans of the merits of productivity and modernization were highly effective. However, since the British already had independently determined that attaining higher production was an appropriate course for their nation to follow, and since a Labour government was at the forefront of this movement, it was hardly surprising that the British unions and working public widely accepted that this would be the path to follow in the postwar years. Despite the many political wrangles the British and US diplomats had over the future of European politics, international relations and defense, attaining productivity and a corporatist political economy was, in many ways, a foregone conclusion for the reigning British government and the labor movement it led and represented. The truth was that in the UK, a broad consensus existed, by virtue of the well-established domestic political process and native political machinations, to support pursuing a political economy the ECA had been chartered to encourage.

Impressions of the US, its production methods and the social contract between American labor and management formed through ECA's public outreach programs were thus informed as much by British politics and this pre-existing acceptance of adopting productivity as an acceptable solution to the challenges facing the British political economy as they were by initial reactions to what Britons observed first-hand in the United States on their AACP/ECA sponsored visits. The British saw what they wanted to see in the demonstration of the corporatist American solution of an economy of

abundance, the effective resolution to economic and social challenges in a democratic society that they wished to see settled at home as well. Furthermore, it is highly likely that TUC, dedicated to eliminating resistance to Labour policy, went to great pains to ensure a positive outward reaction to the US sponsored tours. In a sense, the ECA's British project had a predetermined favorable outcome as a democratic national consensus that deemed productivity to be the best solution to national problems had been reached prior the creation of the ECA or AACP and persisted throughout the 1950s. In Britain, ECA and the AACP preached to the choir encountering little resistance or grumblings as productivity already enjoyed legitimacy in British WWII, postwar and Cold War political discourse and as ECA's main target, labor, was more likely to support a policy endorsed by a government composed of its own representatives and proponents.

Unfortunately for ECA, this early and deceptively effective foray into selling a foreign public on US production ideas and industrial management was misleading. The success and relative ease the ECA experienced in promoting a British productivity program would not translate as well in other nations that lacked a predetermined social and political consensus that advocated productivity as the best way to solve thorny issues of economic distribution and economic decline. The US government was not totally unaware of this problem but, true to their focus on the perceived communist threat on the European continent, tended to view contentious continental European reaction in terms of a Soviet inspired challenge rather than as the result of native, democratic discourse. This underlying political discussion that engaged citizens in debate over the appropriate path to providing for an effective distribution and consumption and satisfying an often contentious and divided public raised issues of longstanding concern to European

citizens. As such, ECA faced serious competition for the attention of working populations and its opinion leaders as it embarked on its productivity and information projects on the European continent.

Of particular concern to American officials was the situation in France, a nation that appeared to them as fragile and tetering on the brink of communist takeover from both within and without. Failing to grant that French society was itself engaged in a legitimate, varied and pluralistic debate over how best to grapple with distributive issues, the US often jumped to the conclusion that French resistance represented attacks on the productivity concept and capitalism and were thus indicative of communist leanings or infiltration. The US took this as proof of a fragile French social fabric rather than recognizing French response to the Marshall Plan as an ongoing attempt of French political and functional groups to contest and openly debate the controversial concepts of productivity and a growth economy.

Chapter Six

The French Challenge: Identifying the Solution to Extremism in France

The average French worker has been passing through a continuing earthly Purgatory now since 1939. Various regimes have stood on his neck as they slugged it out, in war and in peace, for survival and/or power. The French worker in particular is fed to the teeth with generalities, sick to death of promises, scornful of attempts to rationalize his predicament in the academic language of the economist. Your use of the word 'Gobbledegook' in this connection was eminently a propos; the worker regards everything except positive, visible action to improve his daily standard of living immediately as just so much eye-wash.¹

- Harry Martin, ECA Labor Information Officer, 1949.

When the Smith-Mundt Congressional tour of Europe returned home to the United States in 1948, it had this to report to its colleagues: "France today is absorbed in a bitter and complicated internal political struggle that is bound to be a significant factor in further European development."² Among the Western European countries that held the attention of US foreign policy planners in the mid 1940s, France figured very prominently in the minds of State Department leaders and therefore in the ECA's reconstruction efforts. A strong, stable and politically friendly France that welcomed American policy and made political decisions to support it was of paramount importance to the Truman administration's vision of continental European viability.

¹ Memorandum from Harry Martin to Ambassador Katz regarding French wage policy dated August 19, 1949, Entry 1035, Box 2, RG 469, NARA.

² Senate, Committee on Foreign Relations, *The United States Information Service in Europe pursuant to S. res. 161, A Resolution Authorizing the Committee on Foreign Relations to Make an Investigation of the Effects of Certain State Department Activities*, part 2, 15.

Washington's hope was that France would adopt and sustain the stable left-of-center coalition government that US officials had thought would best represent the widest range of French political opinion without marginalizing the essential working class voter who, if alienated, might go communist. However, in 1948, the French political situation and its attitude toward proposed American aid did not seem so promising. The solution the State Department and the ECA hoped for revolved around engineering an economic success for the French centrists that would dissuade the public from supporting the extremist parties that resisted US foreign policy and ECA's productivity drive. As part of its effort to do so, the ECA also laid plans for a serious information campaign to encourage the French productivity that would, Americans argued, provide the panacea the French workers were looking for.

Prior to the launch of ECA's publicity campaigns, the French themselves had already affirmed on a general level that they did not wholeheartedly celebrate the prospect of American assistance. France, reeling from the humiliation of defeat in WWII and intent on restoring national pride and empire,³ presented two major threats to US interests in its disagreement over Germany's future role in Europe and suggestion of a detached and opportunistic role for continental Europe in the escalating competition between the US and the Soviet Union. After suffering defeat and occupation at the hands of the Germans, the French virtually universally opposed reviving Germany as a center of Western European economic power. French politicians, who had been subjected to

³ Some historians argue that French anti-Americanism stems, in part, from the loss of French international prestige and colonies. Furthermore, the French ultimately had no choice but to seek American assistance to deal with their colonial demise in Indochina. See Kuisel, *Seducing the French: The Dilemma of Americanization* and Kristin Ross, *Fast Cars and Clean Bodies: Decolonization and the Reordering of French Culture*, (Cambridge, MA: The MIT Press, 1995).

further embarrassment by not being invited to the Potsdam meeting to discuss the future role of Germany, took it upon themselves to resist various American suggestions for Germany's future.

In 1946 and 1947, French officials repeatedly insisted that the Rhineland be detached from Germany, the Ruhr be placed under international control and demanded supplies of German coal as reparations. It appeared that French public opinion overwhelmingly supported this position as the pollsters reported seventy-one per cent of the French public advocated international control of the Ruhr and fourteen per cent agreed that it could be returned to Germany only if its industries were placed under international economic control.⁴ The French aimed to retain access to Germany's coal while limiting its power. The US, on the other hand, had come to the conclusion, based on the disastrous experience of punitive post WWI reparations and on the new Cold War imperative that demanded a strong Europe sufficiently capable of resisting Soviet advances, that European stability depended on fully restoring German industrial production capabilities and had thus made German recovery central to American economic assistance to Europe. This left the US government at odds with the French regarding the fate of their former occupier.⁵

To complicate matters, a significant 'neutralist' movement supported by a good portion of French society had begun to gain popularity in France. 'Neutralism,' was advocated by such well-known public figures as existentialist literati Jean-Paul Sartre and

⁴ *The Gallup Public Opinion Polls: France 1944-1975*, volume 1, (New York: Random House, 1976), 76.

⁵ See Frank Costigliola, *France and the United States: The Cold War Alliance Since World War II*, (New York: Twayne Publishers, 1992), 48-50 and Charles Maier, "Supranational Concepts and National Continuity in the Framework of the Marshall Plan" in Stanley Hoffmann and Charles Maier eds., *The Marshall Plan: A Retrospective*, (Boulder: Westview Press, 1984), 32. Another good source for details on French foreign policy in the late 1940s is John W. Young, *France, the Cold War and the Western Alliance, 1944-49: French foreign policy and post-war Europe*, (New York: St. Martin's Press, 1990).

Albert Camus, a number of high profile writers at France's influential newspaper *Le Monde* and General Charles De Gaulle, a man whom American officials felt devoted his time "to promoting the mystical (and illusory) idea of France as a great power."⁶ These influential figures suggested that France adopt a strategy of economic and political non-alignment in the intensifying face-off between the United States and the Soviet Union. This would allow the French, the movement's supporters argued, to regain some of its waning international preeminence and act as an autonomous leader within a unified but independent Europe. Key to this position would be France's ability to maintain equal relations with East and West thereby resisting imperialist designs many French suspected both sides of having. France's independence would thereby be maintained and her empire possibly protected.⁷ Again, this French suggestion did not conform to US plans for a "comprehensive recovery program that would integrate the [Western] European economies and, in so doing, liberate European productivity from the constraints inherent in a segmented market." It also interfered with American desires to "put the continent on a self-supporting basis" and "buttress Western Europe against communist subversion . . . and bolster America's flagging campaign for (multilateral trade.)"⁸

American officials charged with planning ECA activities took note of such French resistance and feared the consequences of it for the future of US-sponsored economic recovery in Europe, cautioning that "although the European recovery plan is looked upon favorably by many of the rank and file in France, it has engendered an uneasiness

⁶ Telegram from the Director of the Office of European Affairs (Hickerson) to the Coordinator of Foreign Aid and Assistance (Labouisse), October 12, 1948, *Foreign Relations of the United States, 1948 vol III: Western Europe*, 1974), 667.

⁷ See Kuisel, *Seducing the French*, 42-48 and Costigliola, *France and the United States*, 50-51.

⁸ Hogan, "European Integration and the Marshall Plan," in Stanley Hoffmann and Charles Maier, eds., *The Marshall Plan: A Retrospective*, 3-4.

concerning a possible strengthening of the German economy.”⁹ The 1947 Congressional tour of Europe had determined that “a fear has gradually developed, aided by Communist propaganda, that by supporting the plan for aid to Europe, France would be furthering an unlimited revival of German strength.”¹⁰ Senator Henry Cabot Lodge, a member of this tour, recounted the tale of his encounter with a French politician:

A deputy with one of the conservative French political parties, a substantial landowner and of considerable private means told me: ‘We know that you Americans are trying to build up Germany industrially faster than you want to build up France . . . The reason you do this is because you intend to have a war with Russia and you want to get Germany into shape as your ally.’ I asked him why he thought we wanted to fight Russia and he made this astonishing reply: ‘Because Russia has taken away so much of your export trade.’¹¹

Though anecdotal, the inclusion of Lodge’s story in a Senate report showed that the American government did not treat French suspicion of US assistance lightly and entertained the possibility that the French might not cooperate with conditions the US government put on such aid. However, the United States found that the French “government is faced with serious economic problems revolving around a standard of living significantly below prewar levels accompanied by inflation, a flourishing black market, and a slowing down of industrial recovery.” To make matters worse, Congress concluded, “like its predecessors, the present government had had only moderate success in meeting these problems.”¹² The solution to these problems, according to the

⁹ Senate, Committee on Foreign Relations, *The United States Information Service in Europe, part 2*, 13-14.

¹⁰ Ibid.

¹¹ Senate, Committee on Foreign Relations. *The United States Information Service in Europe, part 1*, 19.

¹² Senate, Committee on Foreign Relations, *The European Recovery Program: Basic Documents and Background Information*, 80th Cong., 1st sess., 1947, S. Doc. 111, 36.

American government, would be for France not only to pursue a unified Europe, as the French neutralists wanted, but also to support US foreign policy, accept economic aid and follow US business and economic practices, primarily pursuit of elevated productivity, in order to restore French and West European prosperity. The Americans feared that without such assistance and reconstruction, and “unless food and fuel are provided to France during this coming winter [of 1948], the people will suffer even greater hardships than those endured during the war, and the country may well become an easy prey for communism.”¹³ But, with French politics in such disarray and many French bent on alternative political solutions, US plans to reconstruct French politics and economics were severely frustrated.

Based on the indicators available to the American government at the time, the French public seemed to echo the reservations recounted in official reports that addressed the challenges of securing the public support for the ERP that would supposedly save France as a Western ally. In a January 1947 Gallup Public Opinion Poll of France, twenty five per cent of respondents felt that the US was the nation most interested in dominating the world. This was only one percentage point lower than those who claimed the USSR coveted this position. Twelve per cent thought that both Americans and Soviets had equal interest in this role while twenty one per cent had no opinion.¹⁴ The French public was not entirely convinced that the US was any less likely than the Soviet Union to seek global power and wondered if the Marshall Plan was part of an American effort to gain such control. In September 1947, polls showed that forty seven per cent of

¹³ Senate, Committee on Foreign Relations, *The United States Information Service in Europe, part 2*, 15.

¹⁴ *The Gallup Public Opinion Polls: France 1944-1975*, volume 1, 77. 5% thought other nations sought world domination while 11% felt no nation aspired to this ambition.

the French public perceived the proposed Marshall Plan as “evolved from the United States . . . need to open foreign markets in order to avoid an economic crisis” domestically rather than as a “sincere desire to help Europe.”¹⁵

US officials fretted over the public relations consequences of these French viewpoints as well as that expressed by the president of France’s Small Business Association who fumed that the French “are not absolutely certain that your aid and your assistance will be given free of charge and that you have not worked out the advantages it will involve for the American policy and economy. As a matter of fact you have lost too many markets to be able to afford losing the European market as well.”¹⁶ The American government feared that Soviet press and perhaps even covert activity in France would only exacerbate such views as the USSR consistently portrayed “the Marshall proposal as United States use of the dollar for political prestige and an American interference in the domestic affairs of foreign countries” ultimately “designed to prolong the postwar boom in the United States.”¹⁷

Given such public views of US aid, French political support for ERP was often ambivalent. A particularly low point for American plans came in June 1948 when the US embassy in Paris reported to Washington that a number of French politicians resisted signing the bilateral ERP agreements with the United States including “well-disposed and friendly political leaders representing most shades of opinion.” The American ambassador in Paris recounted that these politicians, who were neither Communist nor

¹⁵ Ibid., 94.

¹⁶ Translation of quote by Mr. Gingembre contained in Les Cahiers Internationaux no. 29, October 8, 1951. Information contained in Memorandum to Peter Swim, Chief of Operational Planning from Jacques Masson-Forestier, European Desk, LI regarding the French Communist Party and the Productivity Drive, Entry 1048, Box 7, RG 469, NARA.

¹⁷ Senate, Committee on Foreign Relations, *The European Recovery Program: Basic Documents and Background Information*, 3.

Gaullist, “all expressed the ‘gravest concern’ over the text of the original draft and have categorically stated that it would be ‘suicide’ for any French Government to sign it.”

French concerns seemed to revolve around “certain clauses which they say would mean the abandonment of French sovereignty and which would serve not only to strengthen De Gaulle, but even more important in the minds of the French people, ‘completely substantiate the charges which the powerful Communist propaganda machine has been driving into the minds of the French people for a year to the effect that ERP is simply a device of American economic imperialism and is designed to make of France a vassal state.’”¹⁸

The lack of French centrist support for US policy was particularly vexing to American officials. As Washington struggled to formulate official ERP documents that would please both Congress and the French governing coalition, they found themselves caught in the middle of a crisis in French politics that threatened to foil American attempts to secure a left-of-center government in France. As the US feared one of the two largest party groupings, the Communists or De Gaulle’s nationalists, might gain influence in French government, it focused on waging a “war on two fronts against the twin perils of Communism and Gaullism”¹⁹ by maximizing support for the so-called ‘third force’ in French politics, consisting of the Catholic Mouvement Républicain Populaire (MRP) led by Robert Schuman, the Socialists led by Léon Blum and a number

¹⁸ Telegram from the Ambassador in France (Caffery) to the Secretary of State, June 21, 1948, *Foreign Relations of the United States, 1948, vol II: Western Europe*, 454. In particular, the French opposed clauses that granted most favored nation status to Germany and Japan, allowed the American controlled IMF to fix European exchange rates, permitted disputes between American and French nationals to be referred to the International Court in the Hague and the clause that allowed Americans rights of investment, prospecting and exploitation of certain ‘rare products,’ 455.

¹⁹ Telegram from the Ambassador in France (Caffery) to the Secretary of State, January 29, 1948, *Foreign Relations of the United States, 1948, vol III: Western Europe*, 614.

of moderate centrist movements such as the Radical Party and the Independents. This American project was complicated by the fact that in the French Fourth Republic, it proved difficult to sustain stable governments due to constitutional arrangements for a multiparty system in which it was impossible for any party to hold more than twenty eight per cent of the vote at one time. Centrist coalition governments, based by necessity on political compromise, were thus quite delicate and prone to collapse especially since the MRP and Socialists were divided on religious issues and the Radicals and Independents represented both the industrial forces of modernization and the peasantry and small business interests that resisted them.²⁰

The US had chosen to focus on foreign aid, economics and productivity to help rebuild Europe, in part because it hoped pure economic issues would unite the ideologically diverse parties on the non-Communist left and empower them to win support of the working classes, thereby keeping the Parti Communiste Français (PCF) at bay.²¹ Furthermore, economic and social welfare issues were often at the forefront of French politics during this era. By rewarding the French centrist governments with frequent economic support in such a manner as to allow them to publicly continue to attract the support of the working classes, the US hoped to inspire the French government to continue to keep both the PCF and De Gaulle's Rassemblement du Peuple Français

²⁰ For detailed information on domestic politics in the Fourth Republic see Jean-Pierre Rioux, *The Fourth Republic, 1944-1958*, trans. Godfrey Rodgers (Cambridge: Cambridge University Press, 1987) and Irwin M. Wall, *The United States and the Making of Postwar France, 1945-1954*, (Cambridge: Cambridge University Press, 1991), especially introduction and chapter 2.

²¹ See Maier, "Supranational Concepts and National Continuity in the Framework of the Marshall Plan," in *The Marshall Plan: A Retrospective*, 32-33.

(RPF) out of any future coalitions. As such, Irwin Wall suggests, “US influence became one of the many factors governing the outcome of French political crises.”²²

American rhetoric concerning the communist threat might well have been exaggerated in order for the US to polarize international opinion and galvanize political support for Marshall Aid at home. Nevertheless, the American government did struggle with the difficult fact that the PCF enjoyed considerable popular support and occupied a key political role in French government and noted with great concern that “of all the countries in Western Europe, France has the largest percentage of Communist voters,”²³ by some estimates as much as nineteen percent of the vote at any given time.²⁴ Monopolizing on their heroism in the French Resistance during the war, the communists had gained sufficient electoral support in the immediate postwar period to become part of the coalition government between 1945 and 1947.

Though the PCF was expelled from this government in 1947 and replaced by the Socialists, it was clearly a force to be reckoned with and was not considered a fringe, extremist party in general French opinion. Rather, the ECA noted, the PCF “speaks and acts as a movement based on a solid political and parliamentary base” and also drew legitimacy from its “undisputed control over the largest and oldest French labor organization, the Confédération Générale du Travail (CGT), and a powerful press

²² Wall, 3. Wall makes the sensible argument that American pressure was rarely the only determining factor in French politics but merely one of the many influences in contention in French political life. By taking this more balanced position, he takes issue with other historians, such as Frank Costigliola, who have argued that American intervention did determine postwar French politics by implying, for example, that the Americans single-handedly secured the ouster of the PCF from governing coalitions.

²³ Senate, Committee on Foreign Relations, *The United States Information Service in Europe, part 2*, 12.

²⁴ ECA report, Economic and Social Background on France, Entry 1162, Box 169, RG 469, NARA.

apparatus in France, both in Paris and the provinces.”²⁵ This gave the United States grounds for fearing that communist pronouncements might carry some weight with much of the French public especially since US officials believed that “one important source of the party strength seemed to lie in the fact that, through its propaganda machine, it was able to influence various segments of the population by playing on the particular desires of every group and class.”²⁶ At home in Washington where communism was increasingly understood as a global, Soviet driven conspiracy, the power that the PCF and the CGT wielded was regarded with deep suspicion and seen as an obstacle to winning French support for American sponsored economic assistance and reconstruction of the French political economy that State officials had deemed an integral component to their overall diplomatic policy for Western Europe.

Despite American insistence that European recovery was to be led by the Europeans on their own terms, the US government did not relish the thought of administering aid to nations whose government and labor organizations were influenced by ideological enemies that ultimately sought to overthrow the principles of liberal democracy and capitalism upon which the Marshall Plan was based. Though the American government did realize that “in the minds of the average Frenchman the (Communist) Party is not associated with the USSR, but rather is thought of as a national movement within France, having no connection to Moscow,”²⁷ it still felt uncomfortable

²⁵ Report by the Office of the ECA Special Representative in Europe submitted to ECA, Washington providing material for Congressional presentation dated January 26, 1950, Entry 1048, Box 8, RG 469, NARA.

²⁶ Senate, Committee on Foreign Relations, *The United States Information Service in Europe, part 2*, 12.

²⁷ Ibid.

with the popularity of the PCF, suspicious of its potential connections to the USSR and determined that its power base should be destroyed as effectively as possible.

Equally unappealing to the US was the prospect of the extreme nationalist right gaining political power in France. American officials were particularly concerned about the municipal election returns in the autumn of 1947 and reported that Charles De Gaulle, had “obtained a popular vote approaching forty percent, largely at the expense of the Popular Republics and Radical Socialists, two of the center parties.” Americans concluded that this “revealed an important change in the sentiment of the electorate”²⁸ that demonstrated a potential polarization of voters, which now appeared to support either the extreme right or extreme left. By early 1948, reports from Jefferson Caffery, the American ambassador to France, indicated that the situation had still not improved and that the centrist coalition government favored by the Americans remained in danger of toppling.

Caffery observed that “the Schuman Government is far from enjoying . . . solid support. In addition to all-out Communist efforts aimed at its destruction, it is also being snipped at and undermined by the right which is marching under De Gaulle’s banner” and individuals in “the so-called center and moderate right . . . which for reasons of partisan politics or personal ambition are either openly opposing the government or withholding support.” The centrists who did support the government were of critical import to US policy in France and unfortunately, according to Caffery, they all appeared to be keeping their “eyes open to a change of course should the political winds veer or shift.” To the Americans then “it seems apparent that should De Gaulle decide that the time has come

²⁸ Senate, Committee on Foreign Relations, *The European Recovery Program: Basic Documents and Background Information*, 35.

to ‘pull the rug’ from under Schuman on some controversial issue, his chances of causing the government’s fall would be very considerable. Or to put it another way, the government’s chances of obtaining a majority in Parliament against all-out opposition of the Communists, the right, the Gaullists and disaffected elements of the center would be very slim.” The fear was thus that though “De Gaulle’s prestige is unquestionably now lower than at election time last autumn, it could snowball overnight if the general situation deteriorates.”²⁹

De Gaulle, the Americans in France determined, was purposefully exacerbating French instability for personal gain and had thus “remained silent when the government was faced with its most serious test of strength with the Communists” during a series of strikes in late 1947 but had “stepped up [his] attacks when the government showed signs of weathering the storm.” The US thus considered De Gaulle a disruptive and dangerous force in French politics as

any effort which is obviously designed to prevent the success of the present government’s economic stabilization plans is simply playing the Communist game, for it will only create further divisions within France – particularly alienating the Socialists within and without the vital trade union movement and forcing them towards the Communists with whom they have broken – but will result in increased hardship and misery for the mass of the population, which is precisely the situation the Communists are endeavoring to create in their efforts to recapture [their] support.³⁰

Just as the Americans perceived De Gaulle’s actions as an attempt to monopolize on French instability and proof that he considered communist success as somewhat

²⁹ Telegram from the Ambassador in France (Caffery) to the Secretary of State, January 14, 1948, *Foreign Relations of the United States, 1948, vol III: Western Europe*, 595-597.

³⁰ Ibid.

beneficial to his own political aspirations, they also saw the communists as potentially interested in De Gaulle's success for their own gain. With both the extreme right and left bent on causing the dissolution of a struggling centrist government, Caffery reported that the "Communists are now saying openly that . . . General De Gaulle's arrival to power would only sharpen present 'class struggle.'" Caffery telegraphed the State Department that

there seems to be little or no doubt in minds of competent observers here that Communist leadership here would now welcome a Gaullist government as catalyst in further disintegration and division of 'bourgeois state' into two hostile camps. While Communists realize that Gaullist government probably would endeavor to drive them underground and crush them, they consider that Gaullist movement is essentially reactionary and consequently General De Gaulle, regardless of his personal prestige, would not be able to unite all classes of nation and would not be able to solve fundamental problems that was cause when he had all the cards.³¹

The prevailing mood of crisis that seemed to hover over the centrist government throughout 1948 made this situation even more alarming to American officials who trusted it would support productivity and other projects US policy aimed to achieve. Faced by massive economic challenges, the centrist government had attempted to achieve economic stabilization by devaluing the franc and embarking on other financial projects including one that aimed to cut wages, at least temporarily, despite rising prices. The failure of the French government to address effectively this "most conspicuous economic problem in France," inflation, was, Americans criticized, "a result of the country's political instability and the fact that coalition centrist governments, under constant and bitter criticism from both left and right, have found it difficult to adopt and enforce a

³¹ Ibid., 626.

vigorous and effective economic and fiscal policy.”³² In keeping with its support of the centrist government, the US embassy in Paris felt that “in the final analysis it is obvious that social and political stabilization in France and western Europe depends largely upon economic stabilization (wages and prices, budgetary equilibrium, sound fiscal policy, etc.” and that “the Schuman government recognizes this and is making a determined and very courageous attempt in this direction.” Unfortunately, as the ambassador pointed out, the “draconian measures it has been obliged to invoke,” resulting in wage restrictions and inflationary measures, were received with “universal unpopularity” and “the government attempts would be difficult even under the most favorable political circumstances”³³ that the Schuman government did not enjoy.

Not only did the communists and the Gaullists seek political gain from the unpopularity of the government’s actions, but the Socialists, led by Leon Blum and originally intended to be part of the governing coalition, also balked and ultimately pulled out of the government coalition in September 1948. Among the reasons Blum cited for this decision was the failure of Schuman to consult sufficiently with the Socialists regarding the financial measures taken and the opposition of the British Labour government to the French devaluation. Furthermore, Blum admitted that the final straw had come when Schuman refused to give any guarantees about workers’ wages, a situation that the Socialist Party feared might lead to the Socialist union, Force Ouvrière

³² Economic Cooperation Administration, *France Country Study: European Recovery Program*, (Washington, DC: United States Government Printing Office, 1949), 8.

³³ Telegram from the Ambassador in France (Caffery) to the Secretary of State, January 14, 1948. 595.

(FO), to go on strike. “We cannot possibly be in the government if Force Ouvrière goes on strike,” Blum insisted.³⁴

By October, Caffery informed State that

the dream of the ‘third force,’ around which the great body of the middle of the road Frenchmen could group themselves and find escape from foreign dictatorship of the Communists and the feared dictatorship of General De Gaulle, has disappeared in the series of meaningless and wasteful parliamentary crises since July, and with it confidence in the parliamentary system, if not in the democratic processes themselves.³⁵

These telegrams coincided with the State Department’s efforts to encourage Congress to finalize the ERP and marked the end of a long crusade by Caffery to promote increased assistance to France by emphasizing the political and economic chaos threatening ‘third force’ governments in Paris.³⁶ Caffery frequently suggested that any cohesiveness between non-Communist groups was quickly dissipating and even “the middle classes, particularly those whose incomes are derived from industry and commerce and the liberal professions” who had been heavily represented in the postwar coalition governments hoping “to regain their prewar position in the distribution of the national income,” now felt threatened by the government’s proposed tax program and fiscal reform. The problem, as Caffery and other Americans saw it, was that “at this disconcerting juncture in French life, the only dynamic rallying point offered non-Communists is General De Gaulle and his RPF,” a man who had demonstrated, the Americans believed, not only a disregard for US foreign policy interests but also a genuine “lack of real understanding of

³⁴ Telegram from the Ambassador in France (Caffery) to the Secretary of State, September 23, 1948, *Foreign Relations of the United States, 1948, vol III: Western Europe*, 646.

³⁵ Telegram from the Ambassador in France (Caffery) to the Secretary of State, October 5, 1948, *Foreign Relations of the United States, 1948, vol III: Western Europe*, 662-664.

³⁶ William I. Hitchcock, *France Restored: Cold War Diplomacy and the Quest for Leadership in Europe, 1944-1954*, (Chapel Hill: The University of North Carolina Press, 1998), 83-87.

the relative importance to be accorded the different elements in a modern industrial state.”³⁷ To stimulate enthusiasm for foreign aid to France, US officials stressed that “the major current problem of European recovery is the situation in France” as “the unhealthiness of the French situation has undesirable economic and psychological repercussions on the other participating countries to such a degree that the success of the European recovery program as a whole is jeopardized unless a solution of the French situation can be found.”³⁸

Thanks, in part, to American assistance, a series of ‘third force’ governments prevailed between 1946 and 1952. Yet, they were often shaky and Washington constantly feared they would falter allowing either the Communists or the Gaullists to win support of voters frustrated by the seeming inability of ‘third force’ centrist governments to deal with economic challenges.³⁹ Fortunately for the US, as William Hitchcock has argued, this era in French politics was ultimately marked by the emergence of a “new managerial elite . . . made up of youngish, cosmopolitan insiders, some of France’s leading technical and financial civil servants” who, like the CED members in American politics in the mid-1940s, “were uniquely situated in government to effect policy.” Thus, as political, interest-group driven debates raged around them concerning both French and international politics, these men and women worked steadily toward achieving practical, technocratic solutions to France’s economic problems culminating in such arrangements as the Monnet Plan that attempted to place France on a path to

³⁷ Telegram from the Ambassador in France (Caffery) to the Secretary of State, October 5, 1948, 662-664.

³⁸ Memorandum by the Coordinator of Foreign Aid and Assistance (Labouisse) and the Assistant Chief of the Division of Commercial Policy (Moore), October 16, 1948, *Foreign Relations of the United States, 1948, vol III: Western Europe*, 667.

³⁹ For a more detailed discussion of American involvement in French coalition politics during this period see Costigliola, *France and the United States*, chapter 2.

economic growth and recovery through government investment in French capital and eventually the Schuman Plan for the European Coal and Steel Community in 1950 that sought to compromise on the German problem by achieving economic integration that could constrain German power and tie it to French recovery.

By achieving this type of “planning consensus,” Hitchcock suggests the centrists in the French Fourth Republic were able to “win American support for postwar objectives.” The French centrists ultimately came to rely on US support to emerge from their economic crisis and stave off Soviet influence in French politics through the PCF as much as the Americans needed the French centrists to make real their policy visions in Europe.⁴⁰ Furthermore, this technocratic “planning consensus” resonated with American visions of securing economic and industrial growth that could, the US hoped, eliminate class driven conflict that might result in the strengthening of the PCF.

Regardless of the commitment French centrists demonstrated for stabilizing their economy, the general American assessment of the French political situation in the late 1940s was that:

a concerted program on the part of the Communist-dominated Left, designed to make recovery impossible and operating through demagoguery and sabotage, was met by the natural reactions of the Right – which certainly didn’t help matters – and by the inability of the Center and Liberal parties to control the economic and political factors which could produce stability and recovery.⁴¹

⁴⁰ Hitchcock, 2-4. For details on the emergence of this “planning consensus,” see chapter 1. For elaboration on the mutual dependence of the French and American foreign policy see 85-86. See also Wall, 7.

⁴¹ Senate, Committee on Foreign Relations, *The European Recovery Program: Basic Documents and Background Information*, 14.

Perplexed about how to support the oftentimes floundering ‘third force’ governments, US policymakers insisted that “we should not, under any circumstance, take any action which could be interpreted as bringing pressure on France in favor of . . . any individual or party. France must work out its internal political situation itself,” American reports advised, as “we would be assuming great political and propaganda liabilities if it could be argued that we had interfered in France’s domestic political situation.”⁴² The better approach, Washington determined, was to pursue an economic solution that would restore the public faith of the middle and working classes in the ‘third force’ coalition governments without direct intervention in French politics.

Wires from US diplomats home to Washington often represented the “financial situation [in] France” as the true source of the problem. According to the ECA mission in Paris, “political instability [was] the root of failure to deal constructively with economic situation.” David Bruce, the first chief of the ECA Mission to France, reported back to Hoffman in Washington that France was

heading for tragic climax unless immediate steps [be] taken to cure present distemper. Prices still rising; uneasiness in rank non-Communist labor has made hold-the-line attitudes of leaders nearly untenable in the face of threatened strikes. Gold price climbing steadily. Demand for dollar and other hard currencies in the black market depriving state of essential exchange . . . Unless checked soon, inflation will destroy gains painfully achieved during first six months 1948.

All of this led to “successive Cabinets, having proposed partial solutions to acute financial and wage-price problems,” to fall.⁴³ Despite the fact that reports insisted that

⁴² Memorandum by the Coordinator of Foreign Aid and Assistance (Labouisse) and the Assistant Chief of the Division of Commercial Policy (Moore), October 16, 1948, 667.

⁴³ Telegram the Chief of the ECA Mission in France (Bruce) to the Administrator for Economic Cooperation (Hoffman), September 14, 1948, *Foreign Relations of the United States, 1948, vol III: Western Europe*, 649.

the US aid had already contributed to rising levels of French productivity and prosperity,⁴⁴ what was needed, the Americans determined, was for “the situation – economic, political and social – [to be] stabilized and ultimately restored.”⁴⁵

In order to avoid a political situation catastrophic to US interests abroad, the first line of attack was to achieve an economic solution to the perceived problem that French “industrial and white collar workers, whatever their political affiliation, are united in the conviction that they are not receiving their fair share of French economic recovery.”⁴⁶ As Anthony Carew has argued, “the American hope was that over a period of time, the centrist politics that they supported would generate sufficient economic prosperity to preempt any moves toward radical socialism. The more successful the United States was in getting Europeans to concentrate on growth as the overriding goal, the more the scope for political differences narrowed.”⁴⁷

Truman officials reasoned that “the strength of left-center leadership in France . . . depends almost entirely on its ability to recreate for the critical groups both the hope and the reality of economic recovery and a rapid rise in mass living standards.” Since the Truman administration argued that “the growth of communism in Western Europe since liberation may be attributed in considerable part to the gradual loss of faith in a leadership which could not, by effective economic policy, maintain this hope, restoration

⁴⁴ See Telegram from the Ambassador in France (Caffery) to the Secretary of State, October 5, 1948, 662-664 and Telegram from the Director of the Office of European Affairs (Hickerson) to the Coordinator of Foreign Aid and Assistance (Labouisse), October 12, 1948, *Foreign Relations of the United States, 1948, vol III: Western Europe*, 666. See also Economic Cooperation Administration, *France Country Study: European Recovery Program*, 1 & 17.

⁴⁵ Telegram from the Ambassador in France (Caffery) to the Secretary of State, January 14, 1948, 595.

⁴⁶ Telegram from the Ambassador in France (Caffery) to the Secretary of State, October 5, 1948, 662-664.

⁴⁷ Carew, 45.

of both the hope and the reality of rapid economic recovery”⁴⁸ in France and other nations was critical to achieving the political and diplomatic arrangements in Europe that supported US policy. Americans consistently reported into the early 1950s that “the French are cynical about politics, and have little faith at present that their future can be made more secure through political means.”⁴⁹ US officials thus suggested a long-term focus on reviving the French economy in order to restore French faith in centrist politics. Targeting the economy and bread and butter issues in France, Americans concluded, was a back door into the political hearts of French citizens, especially the disaffected French worker who had borne the brunt of wage and price crises in the French Fourth Republic and was easy prey for the communist movement that promised a more equitable distribution of wealth and production.

The ECA’s comprehensive country report published in 1949 laid out the general logic behind the American approach in France. From the ECA’s perspective, “control of the inflation is the most urgent problem of French recovery” as “on it depends the recovery of industrial labor productivity, exports, and of that degree of social stability which is essential to the strengthening of confidence and to rapid progress in measures of cooperation with other participating countries.” Of particular concern were “the adverse effects on labor effort and on management of inflation” that resulted in a good deal of social tension between functional groups, especially between management and labor. Inflation, the ECA insisted, had led to inequities in the “over-all availability of consumers goods . . . in its distribution . . . between economic classes” effectively creating a situation in which “the distribution of real income and therefore of consumption as

⁴⁸ Cleveland-Moore-Kindelberger Memorandum, June 12, 1947.

⁴⁹ ECA report, Economic and Social Background on France.

between economic groups has been considerably less equitable than before the war.”⁵⁰

This lack of access to the fruits of its labor, US officials feared, would possibly cause an embittered French workforce to respond positively to the overtures of the PCF.

In response to these problems, the ECA advanced CED-style solutions to French inflation: “an effective stabilization of prices . . . an equalization of the burden of taxation . . . and effective stabilization of real wages” that “would make an important contribution to political stability.”⁵¹ The real lynchpin of expanding the French economy and mending the inequalities in distribution and consumption that threatened to incite political and class tensions, as advised in the US, lay in “achieving . . . rapid increase in productivity” by selecting “targets for labor productivity in industry.” This required, the ECA argued, “systematic attention to the institutional and organizational factors of productivity” as well as “a reasonable degree of economic and political stability and of confidence.” What was required in France was “not simply to increase physical output per man-hour but also to reduce the costs per unit of output, in order that French exports may compete successfully in overseas markets.” In ECA’s view, “a high and rising volume of intra-European trade, permitting volume production and greater specialization in French industry [was] essential if France is really to modernize its industrial plant and techniques and to lower real costs” and to address the “virtual cessation of economic

⁵⁰ Economic Cooperation Administration, *France Country Study: European Recovery Program*, 1-3 & 11.

⁵¹ Ibid, 3-7. Washington felt that France was fiscally irresponsible with its regressive tax structure that was vulnerable to fraud and its inflationary policies. While the Americans were more or less unable to directly interfere in French fiscal policy or to adjust the politically popular Monnet Plan that determined government investment, it hoped to exercise some pressure on French fiscal policy through American domination of the Marshall Plan counterpart funds. For details on French fiscal policy and American attitudes toward it see Wall, 158-172. See also Economic Cooperation Administration, *Country Reports: European Recovery Program*, (Washington, DC: United States Government Printing Office, 1948), 20-22.

growth” that had plagued France since the 1930s.⁵² By achieving the specialization, increased production and consumption and basic economies of scale that American liberal business interests had supported in the US, French recovery would not only secure political and economic stability and success, as the ECA promised, but also support American foreign policy interests of an integrated, economically strong European market supported by centrist political regimes that promoted US goals of capitalist production, distribution and social organization.

Noting that inflation “contributed to social instability and labor unrest, thus nourishing the seeds of communism,” a force that had purposefully opposed the centrist government’s attempts to address the problem of inflation, the ECA turned much of its attention to the group they saw as most vulnerable, French labor. Perhaps the boldest interference in French political and economic life by the US government was its effort to shape the organization and politics of the French unions and the working classes they represented. With increasing productivity presented as the answer to West European problems, satisfying workers’ needs, seen as the means to social stability, and combatting communist infiltration of unions, perceived as the root of many of problems, labor became, in many ways, the key to the success of US conceived plans for European recovery.⁵³ The issue of labor support for American policy in France was particularly pressing for the American administration since in the immediate post-WWII period, a great majority of French trade unions were organized under the Communist dominated umbrella organization CGT. This meant, Americans feared, that French workers might

⁵² Economic Cooperation Administration, *France Country Study: European Recovery Program*, 3-7.

⁵³ See Wall, 96-113, Costigliola, *France and the United States*, 66 and Carew, 80-81. For a more general study of American involvement in European labor politics see Romero.

be automatically influenced, through their unions, to categorically reject or at least resist ECA advice on how to restructure the French economy. As elevated production was the key to the US plan, it would not do to have the essential producers object to ECA guidance.

State Department officials emphasized and even exaggerated this point, observing that “elements of organized labor must be kept in the non-Communist camp. Otherwise the tiny production margin of the fragile French economy would vanish and the ensuing civil disturbances would take on the aspects of civil war.”⁵⁴ Working through the European office of the AFL established by American labor leader Irving Brown in 1946, the State Department and especially the CIA covertly fed American money to anti-Communist labor elements in France. This contributed to a split in the CGT and the establishment of the pro-Marshall Plan Socialist union FO, marking the beginning of long-term ECA as well as other American government involvement in French union politics.⁵⁵ However by 1948, Caffery repeatedly expressed concern over the staying power of this split and amidst threats of a coal strike reported that “there is real evidence that the trend which resulted in the split between the Communist and non-Communist labor unions . . . has come to a stop and may be reversed and replaced by a trend toward

⁵⁴ Acting Secretary of State Robert Lovett writing to Paris Embassy, October 24, 1947 quoted in Maier, “Supranational Concepts and National Continuity in the Framework of the Marshall Plan,” in *The Marshall Plan: A Retrospective*, 33.

⁵⁵ See Costigliola, *France and the United States*, 66-67. Patrick McMahon’s September 1949 report on the operation of the Marshall Plan sponsored by NAM also comments on this split and suggests that as many as 35% of French union members abandoned the CGT to join the spin-off labor organizations dominated by Christians, Socialists and other independent bodies. See page 3 of Patrick McMahon report on the first fifteen months of the Marshall Plan. For details on the CIA and covert US action in Europe during the Marshall Plan era see Sallie Pisani, *The CIA and the Marshall Plan*, (Lawrence: The University Press of Kansas, 1991) particularly chapter 5 that deals with France and addresses US efforts to influence French labor. See also Romero, 94-96 & 103-107 for details on the CIA’s covert backing of the AFL and its relation to intervention in French union politics.

unity.” The fear was that in such a situation, “the superior organization of the Communists would prevail.”⁵⁶

US officials heartened to signs that the French situation showed signs of improvement and attributed the indications of economic turn around to American assistance. By the spring of 1949, the ECA mission in France reported to Hoffman that industrial output had reached those of the record year 1929, harvests were good, food prices were stabilizing and workers were thus experiencing higher real wages. Furthermore, he observed that “piece-meal measures” of the French government were “developing into a body of consistent and sustained economic and financial policies” that supported US aims. Though bottlenecks still existed and France’s waning colonial obligations in Indochina remained a huge drain on resources, France seemed to be on the path to an acceptable, US sanctioned recovery.⁵⁷ Through the summer of 1949, ECA continued to issue favorable reports about its work in France. “France,” ECA missives suggested,

is providing herself with real reserves – her working stocks of materials have been restored, production has reached record levels, the desired tempo of the modernization has been maintained, a high level of war damage reconstruction has been carried out, internal financial stability is in sight, and now through an increase of earnings from her exports of goods and services, a beginning is made on reconstituting France’s international exchange position.⁵⁸

By the winter of 1950, as the Cold War intensified, communists continued to assert that France was being strong-armed into an escalating conflict with the USSR by

⁵⁶ Telegram from the Ambassador in France (Caffery) to the Secretary of State, October 5, 1948, 663.

⁵⁷ Telegram from the Acting Chief of the ECA Mission in France (Reed) to the Administrator for Economic Cooperation (Hoffman), May 23, 1949, *Foreign Relations of the United States, vol. IV: Western Europe*, (Washington, DC: United States Government Printing Office, 1975), 644.

⁵⁸ Telegram from the Chief of the ECA Mission in France (Bingham) to the Administrator for Economic Cooperation (Hoffman), June 30, 1949, *Foreign Relations of the United States, vol. IV: Western Europe*, 647.

the US. However, US reports from France continued to celebrate its recovery and noted a particularly satisfying public opinion victory as the renowned and widely read French journalist Raymond Aaron published an article in *Le Figaro* asserting that “we are not being drawn by American diplomacy into a quarrel that does not concern us.” Instead, he suggested, “we have, thanks to American diplomacy, the means of waging and winning a battle on which depends the survival of France as an independent nation.” US officials rejoiced as they believed “these sentiments are rarely expressed in the French press and yet it is probable that they represent the opinion of the majority of the French people.” Communist propaganda attempted “to destroy this belief and make the French people turn against the United States and against any French government whose policy is based on an understanding with America.” The communists also, US officials argued, wanted “that the US should obtain the impression that France is an unreliable partner, and that she is too unstable to play her role as the mainstay of continental European defense.”⁵⁹

However, political events in France appeared to indicate that the French agreed with Aaron’s observations and remained dedicated to pursuing an American vision of Europe. In May of 1950, the French made the dramatic announcement of the Schuman Plan to coordinate European coal and steel production, beginning with France and Germany, an act that required France to bury the hatchet with Germany and recognize it as an economically viable state. The pronouncement that “the pooling of coal and steel production will immediately assure the establishment of common bases for economic development, which is the first state for a European federation” and “the establishment of

⁵⁹ Telegram from the Public Affairs Officer of the Embassy in France (William Tyler) to the Secretary of State, February 3, 1950, *Foreign Relations of the United States, 1950, vol. III: Western Europe*, (Washington, DC: United States Government Printing Office, 1977), 1357.

this powerful production unit, open to all countries that wish to participate in it, will give a real foundation to their economic development by furnishing on equal terms to all countries thus united the fundamental elements of industrial production,”⁶⁰ complemented US policy quite nicely.

The Americans were delighted and welcomed “the Schuman proposal as an imaginative and constructive initiative in field of European economic and political relations.” Official telegrams commended its “emphasis on objectives of cost reduction through increased productivity, benefits to consumers and workers and recognition of desirability of retaining benefits of competitive process.”⁶¹ France, it now seemed, was the model ally in US plans for a unified and rehabilitated Europe that faced the potential of gearing up for increased defense efforts as the crisis in Korea loomed. “The French proposal,” the US ambassador to France suggested, was “audacious in nature, comprehensive in conception [and] opened up a new possibility of European integration and at least offered a prospect of moderating century old antagonisms between French and Germans. . . . France, the natural leader of continental civilization had emerged from her lethargy and spirit of defeatism and had once again erected a standard to which her neighbors could rally.”⁶²

Though Americans expressed some concern that France balked at joining them in prosecuting an international war against the communists in Korea, in this improved environment, US officials concluded that much French protest “was one of friendly and

⁶⁰ Text of translation of statement released by Schuman contained in telegram from the Chargé in France (Bonbright) to the Acting Secretary of State, May 9, 1950, *Foreign Relations of the United States, 1950, vol. III: Western Europe*, 692-693.

⁶¹ Telegram from the Secretary of State to Certain Diplomatic Offices, *Foreign Relations of the United States, 1950, vol. III: Western Europe*, 714.

⁶² Telegram from the Ambassador in France (Bruce) to the Secretary of State, June 4, 1950, *Foreign Relations of the United States, 1950, vol. III: Western Europe*, 716.

somewhat worried advice to a much-needed friend.” Furthermore, they gladly reported in late 1950 that an outward “malaise within the Communist Party continued to manifest itself during the last few months” and its newspaper circulation, attendance at CPF events and success in provoking industrial unrest waned. Despite the good news, US officials remained wary and continued to assume the worst. The embassy warned that “nothing would be more unwarranted . . . than to conclude that the Communist Party’s capacity to commit armed or unarmed mayhem and sabotage at a critical moment in France has proportionately suffered or even suffered at all. The emphasis within the party has been on an expansion and hardening of the cadres for such an eventuality.” Furthermore, “one poll . . . even charted a slow rise in Communist voting strength during the last summer, leading to an all-time high in August (32%).”⁶³ France was still not out of the woods.

In March of 1951, President Auriol became the first French president to visit the United States. There, he assured Truman that France, despite a government crisis and a series of strikes early in the year, was still dedicated to the rearmament and defense production drive that Washington had called for. “The French people are united in their determination to protect themselves against aggression. They have decided to rearm and fight if necessary,” Auriol told Truman. “France would like,” the ceremonial head of state suggested, “to have collective security through the United Nations. Since that is impossible, France will go ‘all out’ for the Atlantic Pact and a system of regional

⁶³ Telegram from the Ambassador in France (Bruce) to the Secretary of State, December 13, 1950, *Foreign Relations of the United States, 1950, vol. III: Western Europe*, 1439 & 1444-1445.

security. France accepts,” Auriol promised, “without hesitation all the responsibilities of the Atlantic Pact.”⁶⁴

While it appeared that France was officially dedicated to supporting US policy, it continually reminded the US that “the rearmament program is a heavy burden, because it consumes energies that otherwise could be turned to reconstruction”⁶⁵ and pressed the Americans to make some commitments regarding future economic assistance it had come to rely on and needed to support the 1950s defense drive. ECA in France pressed Washington to assure that France would receive appropriate aid to secure its contribution to the defense production drive and mutual security effort.⁶⁶ If the US should fail, officials feared that “the lack of equilibrium in the French budget due to unexpected demands of rearmament and defense had created a very real threat of early and rapid inflation”⁶⁷ that had to be countered with increased US assistance both financial and technical. Thus, the productivity drive that reached out to the average French worker was still essential to ensure that the rearmament and defense production succeeded. This was especially true given continued concerns regarding the strength of the French communist labor movement.

By 1951, official US estimates still showed that of the 4,545,000 unionized workers in France, 2,500,000 supported the CGT, while only 900,000 had joined the

⁶⁴ United States Minutes of the Meeting Between Presidents Truman and Auriol, Cabinet Room of the White House, March 29, 1951, *Foreign Relations of the United States, 1951, vol IV part I: Europe Political and Economic Developments*, (Washington, DC: United States Government Printing Office, 1985), 363-364.

⁶⁵ Ibid.

⁶⁶ See Telegram from the Ambassador in France (Bruce) to the Secretary of State, June 28, 1951, *Foreign Relations of the United States, 1951, vol IV part I: Europe Political and Economic Developments*, 397-404.

⁶⁷ See editorial note in *Foreign Relations of the United States, 1951, vol IV part I: Europe Political and Economic Developments*, 404, citing information contained in notes from the French Finance Minister Maurice Petsche to the US Embassy sent in June 1951.

Catholic trade union (CFTC) and another 900,000 pledged their allegiance to the FO. Though there were a total of 12,000,000 workers in France, a number that indicated most had not affiliated themselves with any particular union, ECA reported that French sources claimed “that almost 60 percent of factory workers will follow the lead of the local communist representative in the factory.” Though the ECA expressed optimism that CGT could have counted 5,000,000 members in 1947 and thus its official membership had steadily waned, these figures remained unsatisfactory to those leading the American project in France.⁶⁸

Already in February of 1949, American wariness of the PCF had intensified. Despite other favorable political and diplomatic indicators in France, PCF leader Maurice Thorez announced “that Communists would remain loyal to the Soviet Union should the Red Army be ‘obliged’ to cross the French frontier ‘in pursuit of the aggressors of the western imperialist block.’” Embassy officials interpreted this as a reflection of the “sharp turn to the Left that the French Communist Party has been effecting since the Warsaw (Cominform) Conference of 1947.” According to an unnamed Parisian historian consulted by American diplomats, the French communists had “been elevated to the first rank” by Stalin in 1935 in preparation for the possibility of creating a “center of an anti-German coalition.” Thus, France “became the first experimental grounds for the tactics of the Popular Front” and the “French Communist Party cited as a model for all other Communist parties.” Stalin, the Marshall Planners feared, thus considered France “as the key country to gain or to destroy because he knows that without France Western Europe cannot organize or defend itself.” Operating on this information, the US faced the

⁶⁸ ECA report, Economic and Social Background on France.

possibility that “France today is the principal pawn that the Soviet Union intends to play in Western Europe and that its policies in the months that follow will be dominated by this strategy.”⁶⁹

Given these reports and the general exaggeration of the communist threat in domestic politics at home in the US, American officials were predisposed to maintain a great suspicion of PCF and CGT activity in France and the hold that these organizations might have over the French worker should economic conditions not improve. ECA reports that French workers’ real earnings, estimated to be one-third to one-quarter that of the American worker,⁷⁰ had significantly declined since the prewar period as hourly wages of workers had only risen nine to ten times of prewar levels in 1948 while retail prices in Paris were now eighteen to nineteen times higher⁷¹ only served to exacerbate American fear of the French worker’s susceptibility to communist teachings. In the fall of 1949, the new ambassador to Paris, Bruce, reported that the deflation promised by the French Cabinet and eagerly anticipated by the workers was not forthcoming and “consequently Communists who all along have propagandized to effect that no price reductions could be expected through ‘capitalist regime of profiteers’ now appear to make sense to broad masses through growing ‘psychosis of inflation.’” Furthermore, Bruce noted that a possibility existed that

the anti-Communist labor movement that had based its policies on anticipated price stabilization has seen rug pulled out from under foot and [Confédération Française des Travailleurs Chrétiens - the Catholic trade union] CFTC has taken steps to engage in united

⁶⁹ Telegram from the Ambassador in France (Caffery) to the Secretary of State, March 23, 1949, *Foreign Relations of the United States, 1949, vol. IV: Western Europe*, 637.

⁷⁰ ECA report, Economic and Social Background on France.

⁷¹ Economic Cooperation Administration, *France Country Study: European Recovery Program*, 11.

front with CGT and CGT-FO and [Confédération Generale des Cadres – Technicians union] CGC. Communists perceive that labor demands are now entering stage where political strikes are possible and are encouraged by fact that no less conservative labor leader than Bouzanquet dares talk about possibility of ‘insurrectional strikes’ should concessions not be made to workers.⁷²

The ECA and the entire American diplomatic machine operated under the assumption that the PCF and the CGT gained much of their support from workers disillusioned by the failure of the government to deliver on the high expectations for the postwar economy. From all reports, workers seemed still to be discontent, especially with their wages. According to French workers, “studies recently made by our labor union show that the worker’s standard of living in France is twenty-five percent lower now than it was before the war.” Another complained, on a visit to New York sponsored by the ECA, “looking about New York, . . . I notice that the price of shirt, shoes, etc. are very much the same as they are in Paris. I would guess that the food prices are also about the same. But our wages in France are much lower than yours. Our purchasing power is only about one-quarter that of your American worker.”⁷³ “The French worker, a rugged individualist among rugged individualists,” Harry Martin of the ECA reported, “feels that he has been patient long enough” and that the French government “has actually helped everyone but the worker. Most French industries are again operating at a profit, he contends; some, he knows, are making enormous profits. He feels that time has come

⁷² Telegram from the Ambassador in France (Bruce) to the Secretary of State, October 7, 1949, *Foreign Relations of the United States, 1949, vol. IV: Western Europe*, 668.

⁷³ ECA report, Economic and Social Background on France.

when a portion of that profit should be his in the form of definite wage increases.” If not, “the workers will be driven back into the clutches of the Communist CGT.”⁷⁴

The solution was to break the back of communist unions not only by monopolizing on the opening the split of the CGT had offered US planners but also by continuing to improve the economic conditions of the French worker. The new Benton-Moody amendments to the Mutual Security Act would enable the US to focus ever more diligently on purging the French labor movement of communist influence in the interests of promoting the increased production necessary for rearmament and international security. However, this would be a difficult task, and the ECA demanded that US planners must “face squarely the realities of the current French situation – a situation in which we have an important vested interest because of our absolute need, if our own peaceful development is to continue, on a stable, peaceful Western Europe.” The reality of the French situation was, as ECA saw it, that “A/ the majority of French labor remains unorganized and the organized remain divided. B/ That, even more disturbing, the total of organized workers seems to be declining rapidly. C/ That if it is true that the Communist-dominated CGT is losing more members than the other national labor organizations, it is also true that it has far more to lose, that it still remains easily the largest labor organization, particularly in industry.” If ECA was to reach out to French workers through the structure of organized labor, its prospects for success did not seem favorable. Furthermore, ECA worried that “there is no *dynamisme* to be found in the

⁷⁴ Memorandum from Harry Martin to Ambassador Katz regarding French wage policy dated August 19, 1949.

non-Communist labor movement . . . that politically the only *dynamisme* comes from the extremes of both right and left.”⁷⁵

Throughout the first years of the 1950s, the US trained its attention on understanding the appeal of the PCF and CGT. A report by the Center of International Studies in Princeton based on interviews with former members of the PCF circulated in American policy making circles and affirmed the notion that French economic problems might result in communist support:

After a brief period of sacrifices that were to be shared by all in the battle for increased production, higher living standards were to bring the good life to all. These hopes were not fulfilled. Inflation kept prices above wages; in spite of the new social security benefits and family allocations, workers were and still are convinced that their living standards are far behind those of prewar days. At the same time they saw many industrialists and middlemen enrich themselves, and the bourgeoisie again become solidly entrenched. Business showed no intention of permitting the workers to share in the management of industry. The resentment of workers was directed not only at the capitalists, but at the state which fixed wages, and particularly at the Socialist Party as the pivot of the coalition government. When in 1947 the Communist Party was ousted from the government and resumed revolutionary tactics, it found itself in an excellent position to profit by the bitterness of the working man.⁷⁶

⁷⁵ Memo to Harry Martin from H.L. Turtledove, Subject Operation Bootstrap, April 1, 1950, Entry 1048, Box 8, RG 469. There is evidence that the Truman administration also plotted to attack the French communists through covert methods. Entitled Operation CLOVE, this effort was to be governed by a coordinating panel made up of representatives from State, Defense, MSA and other government bodies and was also under the auspices of Truman's Psychological Strategy Board. Unfortunately, little information exists on the outcome of these plans or on their implementation as documents remained classified and the few records in the archives are almost entirely blanked out by censors. A CIA review in 1982 concluded that this documentation must remain classified at C. This information was gleaned from a censored Memo for the Director of Psychological Strategy Board regarding Comments on Psychological Operations Plan for the Reduction of Communist Power in France, dated February 11, 1952, Harry S. Truman Papers, SMPF: Psychological Strategy Board Files, Box 5, France File, HSTL.

⁷⁶ Charles A. Micaud, Organization and Leadership of the French Communist Party, Interim report on field study of French Communist Party carried out March-August 1951, Harry S. Truman Papers, SMPF: Psychological Strategy Board Files, Box 5, France File, HSTL.

This *Organization and Leadership of the French Communist Party* report also drew lessons from French history pointing to the deep seated revolutionary tendencies of the working classes since the French Revolution, a tradition that had only been strengthened by the repressions of working class uprisings in 1848 and 1871 and “by the long discrimination of the bourgeois state against organized labor” and the historic and “relative failure of French capitalism to expand production and improve distribution” or to put “effective instruments in the hands of the working class to improve its economic and social condition.”⁷⁷ From ECA documents, it appears that the conclusion drawn by the Marshall Plan administrators from such studies was that the French worker must be shown that this historical cycle could be broken, that the average French man and woman would be able to reap the benefits of increased production in order to ensure that he or she was not drawn into communist circles. To generate more for everyone to share, the French need only revamp their outdated modes of production and employ the tried and true approaches of American industry.

ECA’s productivity program must, its supporters argued, not only “function as a primary export agency to transfer modern methods from US farms and factories and retail stores to their opposite numbers in Western Europe,” but it must also “endow the Western European with a sense that he is a participant and a beneficiary in a new kind of expanding economy – the Fourth Force. He must know that to have more he must produce more, that the problem is not dividing up a small pie but rather of creating a larger one.” “The success of any productivity program,” ECA Special Assistant for Policy Planning Herbert Harris suggested, “is predicated on the ability of ECA to change

⁷⁷ Charles A. Micaud, *Organization and Leadership of the French Communist Party*, Interim report on field study of French Communist Party carried out March-August 1951.

attitudes toward work and wealth that have been engrained for generations and which are encrusted with the barnacles of tradition.”⁷⁸

If French workers and business owners could be convinced to modify their work habits, and “benefits from [the resultant] increased productivity” were equitably “shared among consumer, labor and industry,”⁷⁹ the ECA trusted that these “benefits accruing to the workers [would] inevitably alter and improve their attitudes toward their management and toward their government.”⁸⁰ The key to improving conditions for the French working classes, and thereby securing their support for the centrist politics, and the defense drive, encouraged by the US while dissuading them from going communist, lay, according to US policymakers, in creating more abundance. Achieving economic growth at unprecedented levels and employing the more modern methods of production and management of the political economy advanced by the Americans and pushed by the CED in the US would, the ECA hoped, create the appropriate means by which the French working classes could finally overcome the age-old class resentments and squabbles over distribution that drove them to support the extremist political positions that might interfere with American policy in Europe. By communicating to them that increasing the size of the economic pie through modernizing industrial methods and relations would resolve any distribution issues, ECA hoped to quickly win the allegiance of the French worker. The productivity program that was so successful in Britain and the informational efforts planned for the French project would, ECA believed, lure French workers away

⁷⁸ From Herbert Harris memo on Productivity, undated, Entry: “Information” Office of Information, Special Assistant for Policy Planning, Office Files of Herbert Harris, 1951-52, RG 469, NARA.

⁷⁹ From Airgram to American Embassy Paris from ECA Administrator, January 31, 1950, Entry 1049, Box 5, RG 469, NARA.

⁸⁰ From Herbert Harris memo on Productivity, undated.

from the extremes and generate support for a centrist government and US policy in general.

As Americans touted the assets of their productivity schemes, French from all ideological backgrounds learned to use the issue of American interference and involvement for their own benefit. At a time when international political and economic conditions and balance of power between Western Europe and the United States politicized the language of American involvement in France, French opinion makers used the issues raised by the Marshall Plan to pressure their own political and economic leaders to take action. As the American ECA became intimately involved in the intricacies of France's economy and politics and dedicated to pushing the French worker to adopt certain methods of production, there was also room for French citizens to express concern about many aspects of American interference in their collective national business. French reaction was most vocal surrounding American policies regarding issues of production, consumption and the transformation of traditional business practices. Though French response was hardly monolithic and varied considerably, American ECA officials felt the heat of French scrutiny and had to face its backlash.

Chapter Seven

Winning Over the Man at the Bench? Reaction to ECA's Campaign in France

Will an industrialized France, concerned with productivity, become a mediocre replica of the United States? Will the qualities that enchant so many foreigners in French life be irreparably destroyed by the modernization of the economy? And on the other side of the Atlantic, will the United States go ever farther in its own direction – production, pragmatism, awareness of the future rather than of the past? These are, I believe, the two questions that dominate the Franco-American colloquy, a dialogue of men and of cultures, the background for polemics of the public square.¹

- Raymond Aron, 1958

Even in enterprises where the rhythm is acceptable there remains that rationalization pushed to extreme which results in 'dehumanizing' the work . . . It is true that the American worker usually lives outside a large town with a high standard of comfort which many Frenchmen would envy him. But this compensation does not seem sufficient. Really, America is making an effort to rethink the problems of a mechanical civilization.²

- French worker, 1950.

As she embarked on a flight from Paris to New York in 1947, Simone de Beauvoir recalled feeling that “across from old Europe, on the threshold of a continent populated by 160 million people, New York belongs to the future.” “I feel I’m leaving my life behind,” she wrote, and “I’ll have the extraordinary adventure of becoming a

¹ Raymond Aron, “France,” in Joseph M. Franz, ed., *As Others See Us: The United States through Foreign Eyes*, (Princeton: Princeton University Press, 1959), 70.

² Translation of article “For Nothing in the World Would I Want to Work for Ford,” in *l’Aube* May 23, 1950, Entry 1030, Box 3, RG 469

different me.”³ De Beauvoir’s thoughts, though formed in a flush of excitement, also represented the nagging suspicion in mid-century France that the US signified progress and change while France, stagnated from years of economic depression and war, lagged pitifully behind. The US economic assistance, offered on the condition that the French take steps to restructure and modernize their economy, represented for many an opportunity for France to move forward. However, the Frenchman and Frenchwoman remained anxious at the social and cultural implications of this prospect. Did he or she really welcome, as de Beauvoir anticipated, the potential prospect of leaving their old life behind to become a different me as a result of this encounter with America?

Concern regarding the impact of a modernized economy on French life seemed to be on everyone’s mind in the 1950s and many a Frenchman, anti-American or not, looked fatalistically across the Atlantic toward the gigantic American dynamo of economic growth and diplomatic power as the example France was forced to follow. The ECA faced a tough job in its mission to uplift the French worker and economy and win French support. Though France had emerged from WWII with less loss of life and material destruction than it had from the previous war, the postwar period was marred by economic shortages, political instability, a good dose of occupation guilt, the violent persecution of Nazi collaborators and the impending decline of French empire. The immediate situation added to a decade of economic hardship and occupation bred pessimism and ennui. As more famous members of de Beauvoir’s cohort like Jean-Paul Sartre and Albert Camus lamented the meaninglessness of human existence and the absurdity of life, the same conditions that made cynicism the vogue in intellectual circles

³ Simone de Beauvoir, *America Day by Day*, trans. Carol Cosman (Berkeley: University of California Press, 1999), 3.

and drew existentialists to alternative political movements also cast a pall over the life of the average Frenchman.

Perhaps the most devastating effect of WWII was that resulting from the damaged French infrastructure and economy. By some estimates, as a result of war one-quarter of the already inadequate number of French buildings were destroyed, one million families became homeless and daily rations in the cities in 1945 amounted to only just over one thousand calories per adult per day dashing the hopes that once German occupiers were removed there would be more food to feed the French. Furthermore, one half of rail capacity had been rendered useless, the cost of restoring roads was estimated at twenty percent of the 1945 national budget and the coal industry responsible for providing France's greatest source of energy had been reduced to shambles. These conditions continued to disrupt distribution well into the late 1940s and contributed to general malfunction of a national market unable to make up discrepancies with imports due to the severe imbalance of trade and lack of dollars to pay for them. The result was hoarding, continued shortages of required goods and inflationary pressures that strained already overburdened financial and monetary systems and individual budgets.⁴

Politically, the country also struggled as it sought to define a new constitution and regime that ultimately was based on an uncomfortable, mercurial coalition government initially of the French Socialists, the PCF and the MRP and eventually of the right and center-left, a development shamelessly supported by US officials and one that significantly improved French chances of receiving US assistance after 1947. In part because of these uneasy alliances and in part due to a constitution that granted inordinate

⁴ For details on the French economic situation see Rioux, 18-28.

power to the multi-party National Assembly, the resulting Fourth Republic proved somewhat unstable. Between 1946 and 1958 when Charles De Gaulle returned to power, France had twenty-four different governments. France's international role also did little to restore bruised egos. Despite the insistence of De Gaulle and his supporters at the end of the war that France should be restored to its former position, by the late 1940s the situation was far different. Forced to accept US aid to address its economic woes, France grew increasingly tied to American leadership in international affairs and was forced to relent on the inflammatory German question. In addition, as the British and Dutch granted independence to former colonies, the French stubbornly fought to maintain control over its own possessions despite a strained domestic economy. The situation quickly deteriorated into native protest and eventually armed conflict from North Africa to Indo-China.

It was in this context that the ECA was to execute its mission of winning French favor for US reconstruction plans and the European economic revival that many American statesmen now viewed as essential to effective Cold War diplomacy. By 1949, production levels matched those of 1929 thanks to initial aid, yet French workers still suffered from weak purchasing power and significant expansion of their economy remained evasive until the boom of the mid to late 1950s.⁵ The solution, as the ECA saw it, was "to gain acceptance by the Europeans – labor and management alike – of the idea that if outmoded industrial practices are done away with, new techniques adopted and profits equitably shared between worker, owner (manager) and consumer," as they were supposedly done in the extraordinarily productive United States, all elements of the

⁵ Ibid., 317. See also chapter 16 for a detailed account of French growth in the 1950s.

industrial society would benefit as “sufficient incentive will be automatically created to produce maximum effort by the worker, greatly increased output for management at reduced cost, and lower prices for the consumer.”⁶ In essence, Paul Hoffman’s ECA would translate into French the same formula advanced by his CED to increase American industrial wealth and secure industrial peace by dangling the carrot of economic abundance before the average working man and woman. This, ECA leadership hoped, would motivate French workers not only to produce and consume more efficiently and prodigiously but also to support an economic and political system conducive to US foreign policy goals.

Hoffman and his enthusiastic ECA supporters in Washington exhibited a gung-ho attitude and hoped to blast the French with sexy American public service advertising in the style of the Advertising Council’s efforts to promote the American Economic System campaign in the US, yet ECA employees on the ground in France demurred and advised approaching the French with greater sensitivity. Though they recognized that “with the manifold resources of American advertising at our disposal, and with the sense of urgency that dominates the ECA environment, the natural temptation is to adopt an American approach to a French problem,” officials in Paris insisted this was not the correct approach in France.

The suspicions of ECA-Paris that the French remained wary of US marketing and the merits of a society of abundance proved to be well founded. Though logically it might seem that beleaguered French workers would eagerly embrace US assistance and the promise of gains to be made from increased productivity, French observers

⁶ From Herbert Harris memo on Productivity, undated.

continually demonstrated a general mistrust for the liberal economic mantra Americans seemed to live by. De Beauvoir, for example, was struck by the American optimism she found “necessary for the country’s social peace and economic prosperity” but found that in fact, Americans had “no grip on the country’s economic life and only a feeble influence on its political fate.” Instead, “the abundance of clothes, books, films, newspapers” merely gave them “the illusion of choice.”⁷ Even Raymond Aron, a pro-American sociologist and editorial writer for moderate French daily *Le Figaro* found this “large-scale standardized production of objects in current usage” in the US to be a “homogeneous façade . . . created . . . by the diffusion throughout the country of certain tools of technical civilization” that imposed “a uniform social veneer on the surface of American life.” In France, Aron warned, this “process of ‘Americanization’ is looked upon by many with horror.” Indeed, “if the effort toward increased productivity and the subordination of all usages to the imperatives of greater output is termed Americanization, then the whole of Europe, including France, is indeed in the process of becoming Americanized.”⁸

Such a fate deeply worried many individualistic and patriotic French. In such an Americanized system, de Beauvoir feared, the individual was lost as “[he] is too busy with telephones, refrigerators, and elevators, he is too invested in tools, to look above and beyond” but “clings [instead] to a ready-made, opaque universe.”⁹ Claude Alphonse also reflected upon the problems of “*une civilisation de masse*” and of the “exuberant consumption” it entailed. Aside from having quashed the “pleasure of thinking for

⁷ De Beauvoir, 67 & 295.

⁸ Aron, 59-60.

⁹ De Beauvoir, 312.

itself,” such a society served only to “mobilize everything to seduce and incite a person to buy” in contrast to “the old traditions still prevalent in our country where the virtuous man judges himself by his savings, goes without or hides from consuming.” In the mass abundance of an Americanized society, “work no longer had a noble and virile role” to play. Instead, many French intellectuals argued, conspicuous production and consumption defined a person’s social value and function, robbing him or her of identity, respectability, spirituality and originality. Americans, they suggested, merely led a life completely “dedicated to making more money in order to procure more symbols of ostentatious well-being.”¹⁰

The working people also expressed their concern about adopting US customs and advice for economic reform. Even “to many non-Communist workers,” ECA reports from France cautioned,

Americans are regarded as the new though perhaps benevolent conquerors who have gained the field through economic might, but whose presence is a constant reminder of national weakness and even to some an affront to national pride. Thus, while certain pressures may incline ECA toward an aggressive propaganda program in France, the realities in France conspire to render such an overt and direct campaign less persuasive than American public opinion would desire.¹¹

To avoid alienating this critical audience with its “cultural predisposition toward Marxism and its doctrinaire hostility toward America as the classic land of capitalism,” and exacerbating cultural suspicion of the standardization and pretentiousness the US seemed to represent to many French, ECA-Paris remained firm in its advice to resist the

¹⁰ Claude Alphandéry, *L'Amérique, est-elle trop riche?* (Paris: Calman-Lévy, 1960), 50-53, 59 & 100.

¹¹ Report by the Office of the ECA Special Representative in Europe submitted to ECA, Washington providing material for Congressional presentation dated January 26, 1950.

impulse to take “the path of least resistance” of a full blown American advertising campaign and instead suggested approaching the French with more subtlety.¹²

Rather than flaunting the superiority, individualism and egalitarianism of the American system, an act that would surely raise communist ire and make the US vulnerable to counterattacks that might expose the contradictions and hypocrisy inherent in such pronouncements, the Paris office recommended one way of “creating a better understanding of America” was to engage the French worker directly by playing up the story of American labor’s experience and the US labor movement. To this end, ECA-Paris facilitated personal contact between American and French workers by organizing symposia, dinners, traveling labor exhibits featuring the activities of American unions and even sponsored personal tours of the US.¹³ Furthermore, labor experts at ECA concocted a plan referred to as Operation Bootstrap “to bring working American trade unionists, on leave from their jobs in the States, to France; to scatter them through the country and to put them back to work, as long as they are here, with French trade union officials and workers at the local level.”¹⁴

While printed informational materials were to provide the facts and figures, the personal contact between the Americans and the French would convey the true content

¹² Ibid.

¹³ Ibid.

¹⁴ Memo to Harry Martin from H.L. Turtledove subject: Operation Bootstrap, April 1, 1950. The US also recruited a number of officials from US labor to become, what the State Department called, “union-label diplomats.” The thinking was that “the growing prominence of labor men in American foreign affairs is the result in part of American labor’s growing maturity,” but “more importantly of the enormous strength they give to American influence overseas wherever they are stationed.” The recruitment of labor representatives into US overseas work was, in essence, a public relations strategy. The US reported that ECA had as many as 35 union men serving in its central offices in Paris. See “US Increasingly Calls on Union Labor to Join Fight Abroad for Freedoms,” ONA Report for 7/25/51, Entry 1048, Box 9, RG 469, NARA. Labor union representatives in ECA missions in Europe jokingly referred to themselves as “shirt-sleeve diplomats.” See Translation of Interview “To Give the Worker a Share in the Product of His Work, an Interview with Michael S. Harris, Chief of the ECA Special Mission to Germany,” in *Welt der Arbeit* December 14, 1951, Entry 1048, Box 9, RG 469, NARA.

and appeal of the US system in the flesh to the most vulnerable member of French society, the worker. The personal touch, ECA-Paris hoped, would make its advice appear less like propaganda or imperialist intervention and more like friendly advice to “provide one of the strongest bulwarks of stability, economic and political,” by “[setting] in motion latent forces” of the workers “that in time can alter the [French] picture.” To increase the French working man’s economic output, ECA felt that it was best to “move from the bottom up” as “you cannot build democratic institutions from the top down anymore than you can expect a workingman to be satisfied with what benefits of the Marshall Plan he receives after those benefits have ‘trickled down’ (with considerable diminution during descent) to his level.”¹⁵ The French worker must be shown how he or she would benefit directly and completely from the ECA plan to stimulate the French economy if he or she was to fully endorse and participate in it.

In general, what the ECA hoped to convey to the French was the story of economic success, US industrial know-how and how to achieve them and their intrinsic benefits. Poster exhibits intended for display in factories and union offices were to show how “old machines [required] hours of slow, painstaking labor,” how “new machinery, better lighting and improved working-conditions can double productivity in a short time” allowing the “work [to become] easier – more relaxed,” a situation resulting in “MORE goods thru LESS effort.” The main objective of these exhibits was to prove that the “experience of the trade unions has indicated that workers *can* be the first to benefit through increased productivity through higher salaries, and lower prices as more goods reach the market.” The cartoons accompanying this text artfully illustrated this story,

¹⁵ Memo to Harry Martin from H.L. Turtledove subject: Operation Bootstrap, April 1, 1950.

showing pictures of a “typical,” outmoded French factory that produced shirts in such a pricy and inefficient manner that when they reached the market, the average consumer could barely afford them. Here the visual portrayed the woeful countenances of French shoppers regretfully separated from the object of their desire by a shop window and an inflated price tag.

This poster campaign also included “after” pictures designed to demonstrate how the situation could be improved by applying modern American methods. Through technical improvements and joint consultation between management and labor, productivity levels were raised and more shirts could be produced at lower prices allowing “the workers too” to have “the opportunity to buy their own products and those of other industries.” The final posters in the series showed the “worker smiling at [the] payroll window” and “another showing him shopping with his wife.” Not subtle, such campaigns implied that by adopting American methods of production, French workers would appreciate “a larger pay envelope at the factory, more goods at lower prices in the stores, better living at home,” in general, “happier living.”¹⁶

Indeed, ECA pamphlets produced for distribution to French labor continually posed the question “How Much Better Can You Live?” While *Joe Smith, American Worker* was designed to provide “simple economic data on the living conditions of American wage-earners and [tell] something of the role of American unionism”¹⁷ as well as details on “employment in US, bases for US standard of living, wages and purchasing

¹⁶ Memo on poster treatment for productivity story in France from Lois H. McCullough, Assistant to Chief of Special Media Section Labor Information to John A. McKesson, Acting Information Officer, ECA Mission to Iceland, May 19, 1950, Entry 1051, Box 12, RG 469, NARA.

¹⁷ Report by the Office of the ECA Special Representative in Europe submitted to ECA, Washington providing material for Congressional presentation dated January 26, 1950.

power, income and expenses in workers' families, social security, American labor movement and achievements,"¹⁸ *Tool-Kit for Tomorrow* was developed to elaborate on how to achieve them. "The secret of the American standard of living," *Tool-Kit for Tomorrow* informed the French audience, rested on the fact that "the technical job of combining men, money, materials, and time is better organized in the United States than in most of the factories where Europe's workers earn their bread." French workers were finally, and rightfully, according to the ECA, "beginning to wonder why Europe's factories demand as much work out of the man at the bench as America's – yet produce less of the goods that flow into the world's markets." Reassuring Gallic workers that US officials did not regard them as lazy, even suggesting that "in many cases" the American worker did not even work as hard as they, all that French labor needed to do was "[dip] into the technical bag of tricks assembled in the United States over the past several decades" to achieve the higher productivity that would ultimately yield a "higher standard of living" that ECA policymakers believed was universally desirable.

To combat anticipated charges by the French that ECA's celebration of American techniques merely mirrored US commercialism and smacked of US desires to dilute French culture and reshape European society in the American image, *Tool-Kit for Tomorrow* assured the French public that European workers who had traveled to the US to learn these new 'tricks' "didn't bring back 'the American way of life' in their suitcases." No, "they left Broadway and Main Street where they found them, with the corner drugstore still on the corner." What they had returned with, however, was "the

¹⁸ Report on *Joe Smith American Worker* in France, Entry 1051, Box 3, RG 469, NARA. This report stated that 500,000 copies were printed. Copies were sent to French labor leaders and subscribers to *Le Bulletin de l'Aide Américaine à la France* and also distributed at exhibits sponsored by the mission. The ECA was happy to report that only 4 of the pamphlets were returned.

conviction that they and their fellow-workers can help themselves to a higher standard of living” by learning from the US. Though ECA officials privately hoped for the transplant of American techniques and business practices in Europe and showed little regard for the longer term effects this might have on French tradition, publicly they presented the benefits of borrowing updated industrial and human resource technology as a-cultural, as an act that would allow the French to preserve their treasured cultural traditions and not threaten them with inferior, sometimes crass American popular cultural traits.

“The argument is gaining ground in Europe,” ECA pointed out,

that you don’t have to like chewing-gum to appreciate the fact that the American worker can earn enough by working one hour to buy twice as much food as the average European worker. You don’t have to play American baseball to understand that European workers can live better if Europe’s factories produce more goods and sell them cheaper in world markets. You don’t have to mix your wine with soda pop to see the logic of using machines and materials in a way that gives you a greater return on purchasing power for the same investment of time and labor.

Instead, ECA optimistically proposed, one could remain quintessentially French, with all the unique, intimate and fiercely coveted cultural quirks that might entail, and still borrow production, management, consumption, distribution techniques used in the US as these were objectively superior, technical, efficient and not American in any particular way. “What Europe eats and drinks and travels around in,” ECA publications assured, “is Europe’s affair, a matter of taste and opinion and custom.” What Marshall Planners claimed to care about was “how much Europe eats, how much Europe drinks, how much Europe can wear and travel around” and insisted to the end that “we aren’t trying to make you swallow our way of life.”¹⁹

¹⁹ All quotes related to *Tool-kit for Tomorrow* drawn from memo on the pamphlet by Richard Kelley.

Despite such attempts at self-denigration, nods to French protectiveness of what they considered to be their superior culture and recognition of the actual French fears of US predominance such snobbery might mask, at the end of the day the fact remained that ECA instruction to the French labor force essentially asked it to set aside centuries of what this advice implied were antiquated, obsolete and all-around fairly useless work habits and work-place technology in favor of adopting, if not the complete Yankee way of life, at least the American way of producing. This was not lost on the French public. If the French, and the other Europeans, were to retool their factories according to US designs and work at a pace and in a manner that Americans did, would this not have some impact on French society, social relations, culture, politics, economics – one with its origins somehow outside of France?

Though perhaps not all schooled in the sociology of labor, many French certainly recognized that the way one labored had something to do with one's identity, perhaps even one's cultural identity, and thus these ECA information projects aimed at enhancing the productive power and the standard of living of French labor unleashed in France a complex discourse about American life, French life and how they related or compared to one another. Though these ECA programs were certainly not the first outside effort to pressure the French to adopt certain policies or techniques, the fact that they came at a time of national weakness on the heels of an occupation by the very power that the US now wished to rebuild and that they involved not only the highest echelons of government and diplomacy but also addressed the average French citizen at home and at work meant that French public response was perhaps louder and more impassioned than it otherwise might have been.

While it is impossible to know what was said privately behind closed French doors about American involvement with their collective national business, a healthy commentary and debate on these issues permeated the French press and covered the pages of many newspapers and journals from large to small, left to right, all exhibiting and acting out not only the broader frustrations of French society but those of their own particular audiences as well. French reaction to the Marshall Plan and ECA prescriptions thus often had more to do with domestic French politics, economics and social issues than with the specifics of US recommendations or sometimes even the reality of foreign intervention in French life. The fact that American policy could be presented and portrayed as invasive, culturally insensitive or imperialistic but was nonetheless welcomed by many in a struggling French government, allowed some French journalists to simultaneously lambaste both US policy and the French Cabinet while others embraced it as the answer to achieving their own dreams for a better French future.

In the end, the French found the Marshall Plan and all it represented to be a remarkably pliable discursive tool through which they could vent their own worries and venom, pleasure and displeasure about French life and politics. As US officials continued to lament over how best to “stimulate workers to reject and repulse any possible forms of direct Communist positivistic action” and how “to induce French workers to look to the West instead of the East” all “in the face of the flood of propaganda derived from Moscow,”²⁰ French writers, politicians, employers and workers engaged in a far more nuanced debate that ultimately had very little to do with choosing between West and East but ultimately much more to do with domestic issues in French

²⁰ Notes for Congressional presentation From Robert Faherty of Labor Information, Entry 1048, Box 7, RG 469, NARA.

politics, economics and society and reflected the discomfort the French felt regarding the vulnerability of their national identity in the Cold War world.

Communist response to the US sponsored productivity drive in France was, as the ECA anticipated, the most critical and frequently relied on flourish and embellishment to forge a solid connection between the US, exploitative capitalism and the productivity program that, though sponsored by the ECA, the sell-out French government and non-communist unions had agreed to endorse. The inevitable rhetoric of class warfare and capitalism's perpetual phase of crisis, in which it "sucks like a vampire the blood of the working class and transforms the life of men into a permanent hell,"²¹ often dominated communist coverage of US intervention in French life. The PCF and its labor arm, the CGT, openly dismissed ECA advice to French industry as the "lies of its exploiters"²² aimed at instituting "a program of direct control of the French plant by American Industrialist." The Marshall Plan, communist coverage insisted, could only be viewed as "a new step" in a US plan "to take over the French economy to liquidate the enterprises of the competition and to control the markets."²³

Blinded by this language, ECA failed to recognize that despite the over-inflated jingoism of such reports, French communist reaction was not simply empty rhetoric but also representative of mainstream concerns in the French public. In "[denouncing] the Marshall Plan as a plan of national subjection and war for the benefit of the American

²¹ Translation of chapters concerning "Productivity and Housing" and "Productivity and Excess Profits" in *Cahiers du Communisme* July 1950, Entry 1052, Box 5, RG 469, NARA.

²² Communist reaction to Moody Amendment Agreement contained in government airgram June 3, 1953, Entry 1192, Box 172, RG 469, NARA.

²³ Translation of quote from Communist newspaper *L'Humanité*, July 27 and August 1, 1951 respectively. Information contained in Memorandum to Peter Swim, Chief of Operational Planning from Jacques Masson-Forestier, European Desk, LI regarding the French Communist Party and the Productivity Drive, Entry 1048, Box 7, RG 469, NARA.

imperialism which aims at world domination” and arguing that “to tolerate . . . (the) claims of the American magnates means to betray the interests of the nation and of peace which the French people wishes,”²⁴ the CGT was not merely spouting trite Soviet line as US officials liked to imply. Instead, communists in France, who, despite American attempts to discredit them as a legitimate force in French politics and portray their work as the product of a Soviet mandate, appealed directly to the French electorate by embedding in their critiques of US assistance compelling themes of long-standing native concern to French workers of all persuasions.

Foremost among these was its appeal to the fairly strong strain of ‘neutralism’ in French public life that played to French fantasies of going it alone in a world increasingly dominated by superpowers. When they interpreted Marshall Aid as an imperialistic effort, communists played directly to French discomfort with the nation’s loss of international prestige and inability to resist US assistance and did not act solely for Moscow’s benefit but tried to win political support for the PCF and CGT in domestic politics as well. Rather than merely executing the Kremlin’s marching orders as ECA suspected, the PCF was doing exactly what it claimed, “fighting for a policy of national independence and peace, laid down by a government with a mandate from the workers”²⁵ in France and not only for the quixotic triumph of the international communist revolution.

Equally dismissive were ECA’s interpretations of the PCF/CGT’s portrayal of American styled projects as a “speed-up” that was intrinsically harmful to the French worker. Again, communist exposés of factories that had raised productivity according to

²⁴ Translation of article “The CGT Denounces the ECA Plan,” *L’Humanite* August 1, 1951, Entry 1048, Box 7, RG 469, NARA.

²⁵ Communist reaction to Moody Amendment Agreement contained in government airgram June 3, 1953.

ECA guidelines certainly did resort to a good deal of typical anti-capitalist propaganda to dispute claims that increased production and an expanded economy would result in a fair distribution of benefits. The communist press repeatedly leveled the criticism that “the increase of productivity, that is to say the increase of production per working hour, is under the capitalistic regime basically a source of increase of the increment of capitalistic profit” and had nothing to do with improving the worker’s lot in life as ECA representatives, pamphlets and poster shows might claim.²⁶ *Le Peuple*, an official publication of the CGT, insisted that the party was “struggling energetically for the elimination of [US inspired] intricate systems of calculation for bonus and work remuneration based on productivity” as “they constitute an injustice and a crookery, a permanent theft. They are meant to cause the major part of the profits resulting from the additional workload of the workers to fall into the capitalists’ safes.”²⁷

Furthermore, to illicit reaction from the shop floor, CGT articles also addressed the impact of maintaining American capitalism’s levels of productivity on a French worker’s life. First and foremost, the communist press argued, “when a capitalist modernizes his factories or intensifies the work of his workers” it had little to do with any interest in improving the lot of his employee. Rather, “it is because he wants to lower his cost-prices, either to reap larger profits . . . or to crush his less well-equipped competitors and command the market if prices go down.”²⁸ Elaborating on grave consequences of

²⁶ Translation of quote of Mr. Henri Raynaud, Confederal Secretary of the CGT, May 1950, found in Communist Paris daily paper *Liberation* July 30, 1951. Information contained in Memorandum to Peter Swim, Chief of Operational Planning from Jacques Masson-Forestier, European Desk, LI regarding the French Communist Party and the Productivity Drive, Entry 1048, Box 7, RG 469, NARA.

²⁷ Translation of quote from *Le Peuple CGT*, August 16-22, 1951. Information contained in Memorandum to Peter Swim, Chief of Operational Planning from Jacques Masson-Forestier, European Desk, LI regarding the French Communist Party and the Productivity Drive, Entry 1048, Box 7, RG 469, NARA.

²⁸ Translation of chapters of *Cahiers du Communisme* July 1950, Entry 1052, Box 5, RG 469.

such increased productivity for the worker, the Communist daily paper *L'Humanité*²⁹ hired a reporter to cover a regular beat of French hospitals to ferret out workers who had been injured on the job. This reporter was expected to “write regular stories on how speed-ups, in the name of productivity, were killing and maiming French workers.” To emphasize their point and counter similar American-sponsored events that celebrated productivity, the CGT also hosted an “anti-speed-up week” in November of 1951 and an exhibit of “horror-paintings” featuring the gory results of factory speed-up carried out in the name of productivity.³⁰

Despite ECA's insistence to the contrary, such hyperbole was far more than inflated communist rhetoric of international class warfare and was symptomatic of more immediate issues brewing in French political circles and social discourse. By 1951, PCF public pronouncements also implicated the presiding French government in these efforts that subjected France to imperialist capitalists and placed the French worker in harm's way. The French government, PCF railed, should now be known as “the reactionary chamber of the ‘Wrongly Elected’” intent on pursuing “policy with a view to satisfying the profit-hungry capitalists and the growing exigencies of the American occupier by aggravating the miserable lot of the masses.”³¹ Such vituperative attacks marked a big difference from earlier postwar years when the PCF had enjoyed a healthy cooperation with other ruling parties and had even participated in a number of coalition governments that set French policy. The CGT, once an umbrella organization that accommodated a

²⁹ ECA estimated that *Humanité* had a circulation of 225,326 in September 1950. Estimates for more moderate papers are as follows: *Le Monde* 160,902, *Le Figaro* 419,541 and the popular afternoon paper *France Soir* 672,710, Entry 1052, Box 5, RG 469, NARA.

³⁰ Airgram April 16, 1953 from French Mission to Washington subject Productivity Climate of Opinion, Entry 1192, Box 172, RG 469, NARA.

³¹ Translation of article “We Must Unite to Fight Down Misery,” in *La Republique-Le Patriote*, 7 September 1951, Entry 1048, Box 7, RG 469, NARA.

large range of ideological proclivities, was now splintered, in part due to US efforts, and the non-communist unions had departed to form a separate labor movement.

Though French moderates had their own reasons to desire such an outcome, the communists could hardly ignore the fact that the ouster of the PCF from the French governing coalition and the demise of the CGT coincided with American involvement in planning the French economy and actively encouraging an economically successful moderate 'third force' government and worker support for it. Additionally, the PCF recognized that by publicizing the common goal of attaining higher production and shared profitability, the US and the French centrists sought to neutralize the appeal of communism to French workers. It would not be hard to imagine, as Frank Costigliola has argued, that American involvement in France ultimately contributed to destroying the basis of cooperation and moderation that had been achieved in French politics in the mid 1940s and resulted in the unintended consequence of radicalizing the PCF and CGT by excluding them from effective participation in national politics.³² The PCF's public pronouncements against the ECA and the ruling French government thus reflected its struggle to maintain a role in French political and economic life and represented the resentment and radicalization it experienced as a result of being pushed out of ruling coalitions as much as it did a response to Moscow's direction.

By insisting on interpreting the world in bipolar terms and characterizing the Cold War as a competition between the forces of good and evil, American policymakers dismissed the valid role the PCF continued to play in French political life and missed the complexities of the political debate in which it engaged. Perhaps even worse, by

³² Costigliola, *France and the United States*, 67.

continuing to discount the PCF as an entity governed by single-minded allegiance to Moscow, Washington failed to understand that its language, no matter how rhetorically charged with communist jingoism, continued to reflect legitimate and widespread French concerns regarding US imperialism and the impact American-style capitalism would have on French life. In demonstrating an unwillingness to grant that communist press coverage often provided an accurate window on French public opinion, ECA missed an opportunity to identify and counteract the existence of viable challenges to US policy in France and to tailor its information program to reach the French public more effectively.

The PCF's references to speed-up were a case in point that did not necessarily have to emanate from Moscow but were true representations of widely held French concerns. The issue of possible adverse social and physical consequences associated with the American productivity drive, also received ample treatment in the press of the more moderate elements of the French workforce. Upon his return from an ECA sponsored visit to the US, a non-Communist trade unionist of the Catholic Confédération française des travailleurs chrétiens (CFTC), remarked in more muted tones that

the high averages in productivity reached in the US are not always obtained through a normal rhythm of work. If the rate of work is sometimes all right, sometimes it is excessive. Therefore, it is why I, for nothing in the world, would want to work for Ford, especially in those big assembly plants, with a low ceiling, working closely side by side, where the noise is infernal and movements are monotonously and desperately rapid.³³

La Croix, a publication of the religious right, also commented on the relentless pace of American life:

³³ Translation of article "For Nothing in the World Would I Want to Work for Ford," in *l'Aube* May 23, 1950.

It has been said that Americans do not live to grow old. Is this true? It appears to be so to some extent, especially in the towns. The pace of daily life and the exhausting climate – it is either very hot or very cold in the US – are contributing factors. A worker living far from his place of work – the towns are enormous for example, the main street in Philadelphia is 14 miles long – becomes exhausted even if he goes to and from work by car. The same applies to heads of enterprises obsessed day and night by the idea of making their firms more productive. . . . Such a way of life cannot but wear out human beings as it does inanimate objects, and it may even be said that the length of life is determined by a plan.³⁴

It was not, then, only communist workers and supporters who sympathized with the worries described by PCF's *L'Humanité* regarding the new assembly line technique employed by the French Jaeger factory in Levallois. There, *L'Humanité* reported,

20 to 25 women workers seated at work benches will be forced to keep up an inhuman pace. At three minute intervals a little red lamp will light up to indicate to the worker that she should have finished her operation. At the end of the line there will be a counting machine which will total the number of finished pieces and a clock with two hands, one to mark the production goal; the other, the actual production attained. Obsessed by the red lamp, obsessed by time, everything will contribute to repeat to the worker, 'You are late, you are behind.' The supervisor of the assembly line will have every facility to speed up the line. Only 5 minutes of rest each hour, which will only mean that the worker on the line ought to blow her nose, catch her breath and think of the rhythm of the clock and of the red lamp.³⁵

Since other groups also protested the "speed-up" policies advocated by the ECA on the basis of their inhumanity, it is clear that the French communists were not merely spouting anti-capitalist Cold War rhetoric when they criticized the US government's suggestions for enhancing French productivity. Instead, they, like French of other ideological bents, expressed a natural, native concern over the fate of the French worker

³⁴ Translation of article "The USA are 175 Years Old: A Fortnight at Uncle Sam's," *La Croix* August 28, 1951, Entry 1048, Box 7, RG 469, NARA.

³⁵ Translation of article "New American Methods at the Jaeger Factory in Levallois," *L'Humanité* May 10, 1950, Entry 1030, Box 3, RG 469, NARA.

under proposed American plans. What the French protested was the possibility of becoming merely another interchangeable part, a cog in the massive and productive machine-society inspired by turn of the century Taylorist and Fordist management philosophies. Their words conjured old images of a feared technological society in terms that resonated with past debates over the modernization of production techniques that had its roots in decades of French social and economic discourse.

The debate over “speed-up” followed, in fact, a well-trodden path of an older French debate concerning the benefits and detractions of modernization. In many ways, these articles represented the revival of questions that had emerged in the 1920s when French manufacturers, hoping to keep up with US and German competitors, had adopted rationalization techniques in their own factories to increase efficiency and production. Even then, a larger and more ideologically diverse CGT had responded by embracing syndicalism in the face of capitalist measures and, though they did not reject outright the value of rationalization doctrines, instead advocated nationalization or worker control of industries to ensure workers’ rights were preserved in this changing environment. The more extreme rightist elements in French society had also responded to modernizing forces with attempts to co-opt productivism, modernization and even syndicalism into, at best, movements to further neo-capitalist interests and markets, and at worst, fascist, antidemocratic ones. This encounter with mass production in the 1920s ultimately led many French, especially intellectuals, to associate the US with this particular industrial system that, the French were concerned, valued the materialism and standardization of a

mass society over spiritual and individual values that many felt needed to be preserved to protect the distinctiveness of French society.³⁶

By the time ECA arrived in France to proselytize the merits of increased productivity, the French had already been well exposed to debates pro and con and had developed highly rationalized opinions of their own about the consequences of adopting increased productivity demanded by newly arrived US advisors. French response to the so-called “speed-up” proposed by ECA was thus informed to some degree by pre-existing attitudes already entrenched in French society that biased many against standardization, mass production and rationalization. Nevertheless, ECA persisted in its pursuit of “simplification, standardization, lower unit cost (mass production)” to achieve its “objective of reducing the cost of living and improving the quantity consumption of basic needs” and “practical wants” in France.

Regardless of residual undercurrents of French resistance to such methods, the ECA obstinately clung to its ultimate goal of increasing production and reducing consumer costs to permit “the increase of buying power and expand the French market from class to mass” in the hopes of combating communism.³⁷

ECA belatedly recognized the danger of reviving French fears of a mass, technical society and warned that “productivity must not mean speedup” for “the memory

³⁶ Frank Costigliola discusses American business influence in Europe during the 1920s in *Awkward Dominion: American Political, Economic, and Cultural Relations with Europe, 1919-1933*, (Ithaca: Cornell University Press, 1984), chapter 5. For material specific to France see Richard F. Kuisel, *Capitalism and the State in Modern France: Renovation and Economic Management in the Twentieth Century*, (Cambridge: Cambridge University Press, 1981), 77-92. Maier’s article “Between Taylorism and Technocracy: European ideologies and the vision of industrial productivity in the 1920s,” also gives a good overview of European reaction to the American productive vision in the 1920s. See in particular his pages on France, 30, 36-39, 57-59. For discussion of French anxieties regarding American inspired mass society see David Strauss, *Menace in the West: The Rise of French Anti-Americanism in Modern Times*, (Westport, CT: Greenwood Press, 1978), chapters 12&13.

³⁷ Undated memo to Mr. Lindahl, Entry 1192, Box 169, RG 469, NARA.

of the worker is too good; to him, the speedup, the stretch-out and all the traditional continental applications of Productivity are a snare and a delusion.”³⁸ However, US assistance officials did little to change a strategy already in motion and as the French rallied in protest, mild or severe, against the Marshall Plan, they continued to mobilize not only the rhetoric of class warfare but also an effective older language that resonated with traditional French concerns that had been debated for decades. In some ways, communists, alongside other groups, were performing their patriotic duty as Frenchmen to protect the interests of French workers and the integrity of their political economy and traditions in the face of American suggested changes. In doing so, these French groups competed alongside ECA for the political support of the French worker and in doing so drew upon all the methods at their disposal to do so including tried and true critiques of US assistance and information programs.

French communists and non-communists agreed on the indignities so-called “speed-up” policies might force on the worker as they cast about for effective tropes that could generate backing for their causes. Many French workers also responded to the observations made in a CGT study of the impact of American methods introduced in the French textile industry noting that “as if the male and female workers of the spinning and weaving factories . . . did not already suffer from an infernal working speed, they increase the number of looms and spindles each worker operates, and in the meantime, they dismiss workers thus causing unemployment.”³⁹ The issue of potential unemployment brought on by the increased efficiency and new technology that the

³⁸ Undated statement of Harry Martin, Labor Information Division of Office of the Special Representative in Europe at Productivity Conference, Entry 1049, Box 2, RG 469, NARA.

³⁹ Translation of article “On Damages Wrought by the American Productivity Methods – A Few Examples,” *Le Peuple*, Entry 1048, Box 7, RG 469, NARA.

Americans promoted was understandably of special concern to many French workers, communist or not, as was their interest in reaping the benefits of the higher wages increased production promised to bring them. Just as workers had expressed concern that rationalization might render them jobless in the 1920s, they also feared that the ECA productivity drive many French factories subscribed to in the late 1940s and early 1950s would cause major displacements in a changing economy.

The communists tried to monopolize on these fears and its monthly review, *Cahiers du Communisme*, explained that “the increase of productivity renders useless a part of the man-power which becomes unemployed. This is so true that bourgeois economists have created the term ‘technological employment’ to designate unemployment resulting from an increase of production.”⁴⁰ Such observations and anxieties led to significant discussion in the French press regarding joblessness in the US. No immediate massive unemployment resulted from the ECA program, and this allowed French proponents of Marshall Aid and increased productivity in France to seize on this fact to alleviate concerns about temporary unemployment caused by the modifications encouraged by the US. The moderate French press argued that though many workers in the US were obliged “every year” to “change their job . . . as a result of the technical transformations which are continually taking place . . . 60 per cent of them are out of a job less than a month and quickly find work again.” Furthermore, French supporters argued that “under the collective bargaining procedure, any reductions in personnel have to be made equitably. Substantial compensations and unemployment benefits, well organized employment agencies, traveling and housing facilities, all this contributes to

⁴⁰ Translation of chapters concerning “Productivity and Housing” and “Productivity and Excess Profits” in *Cahiers du Communisme* July 1950, Entry 1052, Box 5, RG 469, NARA.

the general mobility of labor.” As if that were not enough to convince the French of job security under new methods of production, the moderate press promised that “any technical innovation which permits even a modest reduction in selling prices usually increases enormously the number of consumers. Enterprises are therefore inclined to seek profit through mass production” thereby ensuring the need for more workers.⁴¹

Wages were of even greater concern across the board. ECA had marketed its productivity program with the promise that it would ultimately raise wages and reduce prices thereby improving standards of living for the average Frenchman. However, by 1950, the ECA itself expressed concern that efforts to stabilize currency and industry in France had benefited employers but not necessarily workers.⁴² And French workers noticed. The non-communist union FO, reported that “the country and more specially the workers are awaiting with an increased impatience the economical and social measures” due to them and “warns the responsible authorities against the extreme complications which undoubtedly will result from this situation.” Though the FO conceded that “to know whether wage-earners get any benefit from the Plan, we should imagine what their situation would have been without it,” it concluded that “no doubt for us that (the workers) made profit out of it. But did they get their share, the one which for them can be measured, not directly, but at the end of the production chain, where prices and wages are facing each other?”⁴³

The communists reported that although “the workers are told: you must begin by producing more, and later on the government will take care of a just redistribution of the

⁴¹ All quotes from translation of Georges Lasserre, “Productivity and Full Employment in the United States,” *Le Monde*, August 20, 1952, Entry 1192, Box 172, RG 469, NARA.

⁴² Carew, 113

⁴³ Translation of articles from *Force Ouvrière* August 2, 1951, Entry 1048, Box 7, RG 469, NARA.

national income . . . facts are stronger than promises.” The facts, according to the PCF, revealed that forty-five percent of national income was received by wage-earners in 1938 but only thirty-four percent in the second half of 1949. The capitalists took twenty-nine percent in 1938, but by 1949 enjoyed a fifty percent share of the national income. In addition to a reduced share in the national income, communist numbers showed workers faced a situation in which productivity had reportedly increased by twenty-five percent between 1947 and 1950, but the purchasing power of wage earners had decreased by thirty percent.⁴⁴

Communists concluded that

the truth is that real wages can only be bettered in private business to the detriment of capitalistic profits. And in the same way, wages can, and should, be bettered in the public sector only to the detriment of crushing expenditures for war and police forces. . . . This is what is understood by the wage-earners of every shade of opinion and whatever their union card who have now risen up against the capitalists and their government.⁴⁵

This struggle reflected a sustained internal French dispute regarding workers’ wages.

The PCF and the FO used debates regarding productivity and Marshall Aid to emphasize their own positions in the domestic French struggle over working-class conditions. These groups were not only expressing their opinions regarding results of the ECA program in France, but by critiquing and analyzing Marshall Aid in these terms, terms which the ECA itself relied on to discuss the French situation, they also pressured their own political and economic leaders to address issues of concern to the French worker, unemployment, wages and the standard of living.

⁴⁴ Translation of chapters concerning “Productivity and Housing” and “Productivity and Excess Profits” in *Cahiers du Communisme* July 1950.

⁴⁵ Communist reaction to Moody Amendment Agreement contained in government airgram June 3, 1953.

The Americans themselves demonstrated a good deal of concern over French wages and responded to warnings of US labor representatives regarding this topic. An AFL-CIO delegation sent by the domestic offices of the ECA to report on European labor conditions reported in 1950 that

our productivity program in France carries serious threats to the welfare of the workers and does nothing to protect them – as the Communists so accurately charge . . . temporary unemployment caused thereby is ignored. . . . There is no protection against wage cuts . . . [resulting from] the adoption of machine methods. . . . There is nothing to prevent the direct benefits of increased production made possible by the Marshall Plan aid from going directly to the employer.⁴⁶

Washington feared that such conditions would strengthen the CGT at the cost of the so-called ‘free labor unions’ it had spent time and money supporting. Yet, they also feared a general French backlash if ECA officials interfered directly with French wage policy and prices. Some US officials argued that as the provider of funds, the Americans had a right to intervene. One ECA official insisted “we must go further than this if the Marshall Plan is to have the ghost of a chance to wind up as a success in 1952. We must quit worrying about the consequences of ‘interfering’ with the national affairs . . . To the extent that the American taxpayer has a right and we as his representatives have a duty to ‘interfere’ in order to insure the proper use of these funds.” In fact, this official asserted, the great majority of French themselves wanted such intervention and that

this Communist-fostered bugaboo of interference has been greatly overplayed. I get the feeling from the trade union people and the ordinary working citizens, especially in countries like France . . . that we haven’t ‘interfered’ enough, that they would actually like to see us lay a firmer hand on the manner in which ECA money is employed. The average French trade unionist, Communist and non-Communist alike, thinks his government and the French industrialist have been

⁴⁶ Quoted in Carew, 118.

getting away with high profit murder at the expense of the little people and nothing would please him more than to have us say to the French government, 'Not one more penny of counterpart release until you straighten out your taxation mess, eliminate official graft and crack down on profiteering.'⁴⁷

It is possible that some French unions opportunistically attempted to encourage such US pressure on the French government and business establishment in the hopes of achieving their own goals for reform of French industry and better conditions for French labor. ECA ultimately concluded that

the mission should obtain a general agreement with the French Government which states that henceforth aid to French enterprises granted directly or indirectly by ERP should be conditioned upon the acceptance by the recipient of such aid of a commitment to share the benefits of increased productivity with labor through granting of higher wages and with consumers through lower prices.⁴⁸

The FO publicly celebrated this development in its newspaper, the *Force Ouvrière*, stating that it was "glad that attention (had) been called on the fact that the workers have not benefited in their standard of living as much as it was expected and as much as it was possible." The FO also reaffirmed its allegiance, albeit conditional, to the US productivity plan, declaring that "subject to an investigation of the expected methods . . . and under the condition that the workers will have some benefit from its development, the workers have all reasons to be in favor of increased productivity."⁴⁹ If Americans helped them get what they wanted, the Socialist FO intimated that it would side with the ECA against the CGT.

⁴⁷ Memorandum from Harry Martin to Mr. I. N. P. Stokes dated October 12, 1949, Entry 1035, Box 2, RG 469, NARA.

⁴⁸ Undated Outline on the Productivity Assistance Program: Recommended Agenda for Mission Discussion on the New Production Assistance Drive, Entry 1192, Box 169, RG 469, NARA.

⁴⁹ Translation of articles from *Force Ouvrière* August 2, 1951, Entry 1048, Box 7, RG 469, NARA.

By 1951, then, ECA advised that “it should place its main emphasis on the social benefits to be attained through the higher productivity” to actively counter “the general feeling in France, as well as in the USA, that the Marshall Plan has not benefited the masses of Frenchmen.”⁵⁰ Furthermore, Americans working at the ECA mission concluded that the French population must be able to reap material benefits from the Marshall Plan if they were to support it fully. Originally, the productivity program hoped that French consumers would also contribute to boosting French economic growth. Though French production had increased by one fifth since 1938, hourly wages were down thirty-five percent and thus, in ECA’s estimation, consumption could not rise sufficiently to win over public opinion and sustain the economic growth Washington hoped for.⁵¹ This frustrated the goal of American economic assistance which, ECA admitted, “must be directed in the basic area of needs initially, but wherever possible be expanded to the fields of *practical wants*.” This was because “employment in the fields of basic needs and their distribution cannot support an expanding economy alone.” The ECA believed that “consumer advantages arrive from an *expanding* and not a *controlled* economy,” hence the professed desire to expand the French market “from . . . class to mass.”⁵² If ECA could secure better social benefits and higher income for French workers, it hoped consumption would rise, the French economy would grow and workers could benefit directly from, and therefore support, Marshall Aid and US involvement.

⁵⁰ Undated Outline on the Productivity Assistance Program: Recommended Agenda for Mission Discussion on the New Production Assistance Drive.

⁵¹ See Carew, 114.

⁵² Unnamed and undated draft regarding the productivity program by Mr. Lindahl, Entry 1192, Box 169, RG 469, NARA.

As part of its effort sell its plan to prop up French wages and increase social benefits to French workers, ECA emphasized the social advantages of American lifestyles and work ways that came from the better standard of living enjoyed by workers in a more productive economy. ECA officials had hoped that their sponsored tours by French unionists and journalists to the US would result in participants returning home to talk not only of American production methods, but also superior standards of living. This public relations effort did prove somewhat successful, as French newspapers often carried favorable stories of relative American wealth and comfort. *Paris-Match* reported that

55% of American workers live in a house which belongs to them or which they are buying through the long credit system. 77% of skilled workers and (most extraordinarily) 81% of unskilled workers own a car. Nearly all families have a telephone, a refrigerator, a bath-room, a vacuum-cleaner and a washing machine. Most of them have a 'video' (television-set) within one or two years. In spite of the recent increase in food products, they seldom spend more than one third of their income on food.⁵³

Writing for the pro-government Liberal Catholic paper *L'Aube*,⁵⁴ Michel Rivery also noted that homes in the US were far superior to those of the French. Rivery, in but one episode of his extensive survey on aspects of American life, remarked that though Americans lacked style and had unfortunate taste in furniture,

household and sanitary installations offer tremendous advantages in the United States; the basement is mostly equipped with a washhouse, a workshop, a central heating boiler, an ironing room and even a play room for the children. As to the kitchen I can hardly describe it in any better way than by telling you that there are thousands of kitchens closely resembling

⁵³ Translation of "Americans to French Employers: You Favor Communism," *Match* July 21, 1951, Entry 1048, Box 7, RG 469, NARA.

⁵⁴ ECA estimated *L'Aube's* circulation to be 36,113 in 1950.

those model kitchens in the shop windows which raise the envy of poor housewives.⁵⁵

The French focus on housing conditions in the US compared to those in France resonated with a particular domestic issue in the early 1950s. By the late 1940s, France was experiencing a severe domestic housing shortage. In early 1949, the Organization for European Economic Coordination reported that in order for France to reach the ratio of dwelling units to population that the nation had enjoyed in 1938 before 1952, an average 325,000 dwellings needed to be built every year from 1949 onward. As only 85,000 units had been constructed in 1948, the French housing program seemed to be sorely lagging behind need.⁵⁶ In late 1949, the problem still seemed severe, and ECA complained that government rent legislation acted as a disincentive to private housing construction. Furthermore, the French Cabinet refused to give in and insisted that the “government’s investment program [did] not permit a major effort in this direction at the present time.”⁵⁷ Indeed, the housing sector and the production of consumer goods in general often suffered under the French Monnet Plan that dedicated the government to investing in capital-intensive industries rather than the production of consumable goods,⁵⁸ a fact that frustrated ECA objectives. Thus, ECA concluded that “a large-scale housing program [was] most unlikely” and toyed with the idea of releasing Marshall funds to support such a project.⁵⁹

⁵⁵ Translation of survey by Michel Rivery “Aspects of American Life, VIII. You Cannot Distinguish the Home of the Poor From the Home of the Rich,” *L’Aube*, Entry 1048, Box 7, RG 469, NARA.

⁵⁶ From “Recommendation on Housing” by the Secretary of Manpower Committee of the OEEC, January 18, 1949, Entry 1049, Box 2, RG 469, NARA.

⁵⁷ Airgram from ECA-France to ECA-Washington, December 9, 1949, Entry 1048, Box 5, RG 469, NARA.

⁵⁸ Hitchcock, 84.

⁵⁹ Airgram from ECA-France to ECA-Washington, December 9, 1949, Entry 1048, Box 5, RG 469.

In the end, the ECA-Paris, believing that there was “a desperate need for housing in France” and having brought it “formally to the attention of the French,”⁶⁰ “indicated to [French government officials] that if and when ECA grant counterpart is released for 1950, we wish to have allocated counterpart financing all workers’ housing.” Moreover, the ECA recognized the future public relations value of such an action and noted that ECA financing of housing projects “should provide us with a large number of opportunities to utilize the fact of ECA counterpart financing of these projects in our information program.”⁶¹ This was of particular importance, ECA officials observed, because “the French press of all political orientations is replete with evidence of insistent public demands for urgent solutions to acute housing crisis which overshadows the entire French economy” and numerous recommendations of how to deal with it.⁶²

Moderate journalists, aware of the ECA’s interest in elevating the social welfare of the average Frenchman and concern regarding the housing issue, attempted to push this issue by elaborating on comparisons of the average French person’s housing situation to that of his or her American counterpart. Though Rivery pointed out that the US had a housing problem of its own, he reported that Americans would be able to solve its crisis before 1960, while the French had barely begun to address the issue.⁶³ He argued that this was because “contrary to our traditional usage in Europe, the Americans do not build houses for two or three generations to come” and thus could build houses faster. “Is not,”

⁶⁰ Letter from Barry Bingham, Chief of Mission to France, to Boris Shishkin, Director Labor Division, January 20, 1950, Entry 1049, Box 2, RG 469, NARA.

⁶¹ Airgram from ECA-France to ECA-Washington, December 9, 1949, Entry 1048, Box 5, RG 469.

⁶² Boris Shishkin, Director Labor Division, to Barry Bingham, Chief of Mission to France, January 25, 1950, Entry 1049, Box 2, RG 469. See also Airgram containing translation of article from left-wing Paris daily *Combat*, January 17, 1950, Entry 1048, Box 6, RG 469, NARA.

⁶³ Translation of survey by Michel Rivery, “Aspects of American Life, VII. The Country of Sky-scrapers suffers from a Housing Shortage and Numbers 7 Million Hovels,” *L’Aube*, Entry 1048, Box 7, RG 469, NARA.

Rivery asked, “this a preferable approach to the housing problem? A much more efficient approach than our own?” The situation, Rivery counseled, “could be easily and rather rapidly solved under a stabilized and reconverted economic system.”⁶⁴ Without overtly attacking the French government, journalists like Rivery criticized French policy by comparing French advances to those of Americans. These journalists may have indirectly supported ECA policy and the adoption of American practices in France, but their primary objective was to accomplish their domestic agenda by subtly pressuring the French government, both directly and through the ECA, to address social conditions at home.

The French who visited the US used similar methods to pressure French and ECA officials to address other concerns especially those regarding industrial relations. To call attention to this problem, many returning visitors overwhelmingly stressed the equality American workers enjoyed relative to their employers. Upon his return to France, one member of the non-Communist union CFTC told *L’Aube* that US employers

generally show great intelligence. There is no such thing as class in America, for the simple reason that promotion in work is very developed and is always given according to competence and not according to origin; many engineers and foremen were originally workmen. Every company holds classes and able workers and those who are willing to work can always win stripes.⁶⁵

Match reported that

many American workers play golf and it is not unusual for them to make cruises in the Caribbean sea or pleasure trips to Europe. They generally dress in the same ready-made stores as their engineers, their managers and often their employers. You often see a cafeteria waitress,

⁶⁴ Translation of survey by Michel Rivery “Aspects of American Life, VIII. You Cannot Distinguish the Home of the Poor From the Home of the Rich,” *L’Aube*.

⁶⁵ Translation of “For Nothing in the World Would I Want to Work for Ford,” *L’Aube*, May 23, 1950.

after her day's work, put on a beaver coat in front of the counter where she was filling plates a few minutes ago. On the street, you would not distinguish her from the wife of a rich merchant. America is not – fortunately for it – an equalitarian country but it is certainly a country where the inequality of social levels is less strongly marked by exterior appearances than in any other country.⁶⁶

Even those Americans who “in certain districts of Chicago or Detroit where a teeming population is crowded together in dilapidated and uncomfortable wooden shacks” enjoyed a relatively lucrative standard of living, at least according to Michel Rivery. “I was amazed,” Rivery reported, “to see before the doors of those shacks sleek luxurious Chevrolet and Plymouth cars! Those badly-off people thus make up for their unfortunate condition.”⁶⁷ *Match* echoed this observation claiming that “it is said in America that the difference between a rich man and a poor man is that the poor man washes his Cadillac himself. That is, of course, an exaggeration but, while the rich have at least one (or more) Cadillac, the poor have at least a Chevrolet. In France the poor have a bicycle.”⁶⁸

Most of these observations relied, in fact, on a certain amount of hyperbole. However, the aim of the likes of *Match* and *L'Aube* was certainly not to encourage the institution of a communist style society of complete equality in France. “The idea of such leveling,” sneered *Match*, “may appeal to stupid demagogues but it is obviously absurd and anti-social.”⁶⁹ To some extent, these publications advocated improved social conditions, higher wages and better access to consumer goods in France. However, a

⁶⁶ Translation of “Americans to French Employers: You Favor Communism,” *Match* July 21, 1951.

⁶⁷ Translation of survey by Michel Rivery, “Aspects of American Life, VII. The Country of Sky-scrapers suffers from a Housing Shortage and Numbers 7 Million Hovels,” *L'Aube*.

⁶⁸ Translation of “Americans to French Employers: You Favor Communism,” *Match* July 21, 1951.

⁶⁹ Ibid.

better explanation for their focus on the leveling of class differences, at least on the surface, in the US was that they, and many other Frenchmen, also aimed to accomplish a different domestic goal, the reform of traditional French business practices that many argued favored a small group of wealthy, family-run companies.

Paraphrasing American Harvard professor J.E. Sawyer, *Match* suggested that

The French Revolution has only superficially deprived (France) of the old feudal structures which divided the classes and maintained the mass in a state of resigned subordination. The middle-class took the place of the nobility but inherited the habits of the latter, while the mass, in its illusory political emancipation, remained humbly resigned to its inferior statute. French businessmen . . . have never been capable of identifying themselves with a national aim and of promoting the great social action which has strengthened so much their American homologues.⁷⁰

ECA welcomed such French critiques as it too had designs on restructuring French management and business ownership. ECA “estimated that about seventy percent of French industry is in family ownership with its corollaries of nepotism, divided control and tendencies to see the plant not as an end in itself but as an adjunct to the family.” This style of traditional management, ECA criticized, “tends to run factories like households; no risks are taken and replacements are bought out of current income.” Aside from being obviously inefficient, this situation was not ideal for achieving the better productivity and distribution of profits that would guarantee worker support for US aid and centrist leadership in France. Of greatest concern was the fact that “the French businessman is mainly interested in working within a safe routine in which he tries to obtain the highest profit per unit of production at the lowest wage costs” and thus “he has little sense of responsibility toward his workers.” All of this meant that “while he is anxious to have Communism removed as a threat to his future, [the French businessman]

⁷⁰ Ibid.

does not sense that he has a role to play in developing a mass market and new concepts of management responsibility so as to prevent the roots of Communism spreading too rapidly in the minds of the underprivileged French workers.”⁷¹

The Americans, *Match* suggested, were correct in their interpretation of French business life. These observations, *Match* argued, finally helped Americans realize “why communism is so deep-rooted in countries like France, where its barbarism is an insult against a Christian and liberal civilization.” According to *Match*, communism stemmed not only from the low standard of living in Europe, but also from French employers and French industry which “in the hands of trusts, is based on high profits and low wages,” leaving the worker susceptible to communist rhetoric.⁷²

Clearly, *Match* and its pro-American editors wished to perpetuate US interest in reforming management and business structure in France. Many French had a great interest in freeing French industry from the control of families who aimed to continue accumulating wealth at the expense of other French economic interests and the modernization of the French economy that might increase standards of living for a broader base of the population. This explains such comments as those of the CFTC official who claimed that “another characteristic of the American boss is that he has the sense of the general interest at heart: he thinks that his enterprise will prosper as long as his personnel is happy and his production will help the national economy.”⁷³

Publications like *Match* and *L'Aube* played on ECA concerns and insinuated that the key to weakening the appeal of communism and ensuring the success of the French

⁷¹ ECA report, *Economic and Social Background on France*.

⁷² Translation of “Americans to French Employers: You Favor Communism,” *Match* July 21, 1951.

⁷³ Translation of “For Nothing in the World Would I Want to Work for Ford,” *L'Aube*, May 23, 1950.

economy lay in convincing French employers to consent to reform of their traditional business practices. This would, they argued, be the only way to modernize and open up the French national economy. By connecting the rise of communism to traditional French family businesses, which also allegedly jeopardized the productivity drive, some French hoped to encourage ECA efforts to promote reform of the old way of doing business in France. This would, these journalists and their readership hoped, ensure a more even but capitalistic distribution of income and consumption wresting control of it from the hands of those who had accumulated ownership over centuries.

Le Figaro, an independent Catholic daily with far greater circulation than *l'Aube* or *Match*, also played on this theme. An article by Jean Marchal attempted to describe the tradition-bound French business. Beginning by asking why “does not normal competition induce some enterprising businessmen to increase their output without increasing prices,” Marchal concluded that French business was not driven by competition:

French business is usually not as big as its foreign competitor. Moreover it is usually a family affair. It is an institution to which individuals devote themselves but like old-time land-holdings, it is ‘a means whereby a family strives to maintain its social standing.’ The objective is not to develop the business to the maximum, if necessary by borrowing, but to preserve its independence and ensure its soundness. This means avoid borrowing, create reserve funds and, on the sole basis of such reserves, seek the highest possible profit.

Marchal also argued that “since distribution is also very much of a ‘family’ type and hence costly, the advantage that a big business might offer customers is often absorbed by middlemen or decreases in relation to a price bloated by abusive profit margins” and that, “in discussing tariffs, taxes, etc. with the government, businessmen have a major

interest in invoking the need for protecting the small enterprises.” Marchal, surely hoping to appeal to French patriotism to inspire a movement to reform and modernize business, concluded that production “determines national power on the external plane . . . In a world which represents force, it is folly for a country producing little, even if it produces well, to hope to maintain its independence.”⁷⁴

US policymakers could not have agreed with Marchal’s observations more and saw such French business practices as impediments to their goals of expanding the French market through increased production and liberal trade. ECA wanted to change the attitude that “business is not considered an end in itself nor is its purpose to be found in any such independent ideal as production or service.” French business, American reports found, “exist by and for the family and the honor, the wealth and the reputation of the other.” Even more disconcerting to the leadership of the ECA steeped in neocapitalist American business methods was that in France “it has been said that the social register or family tree is often a better credit reference than the most profitable series of annual statements.” Ultimately, the typical French business in ECA’s estimation, avoided use of credit, built up huge reserves without borrowing on them or turning them over in pursuit of higher profit and even exhibited a “tendency in some cases to turn down chances for growth outright on the theory that the firm is earning enough and that additional profits are not worth any additional efforts.”⁷⁵ Needless to say, these observations did not conform to the ECA’s plans for generating greater productivity in France. These small

⁷⁴ Translation of Jean Marchal, “Is the French Economy Malthusian?” *Le Figaro*, February 16, 1954, Entry 1192, Box 168, NARA.

⁷⁵ ECA report, *Economic and Social Background on France*.

and medium sized French family businesses “characterized by extreme individualism” and “broken up into small units for production and distribution” needed to be reformed.⁷⁶

ECA action to restructure French family business was met by a remarkably defensive reaction from this significant sector of the French economy that already felt pressured by its domestic detractors. ECA offices were barraged by vocal protests from the French small to medium sized business community and a Monsieur Gingembre, head of the Confédération générale des petites et moyennes entreprises (Confederation of Small and Medium Businesses), led the charge. Gingembre, responding to a letter from the ECA that suggested his organization had misused funds earmarked for travel to the US, accused the Americans of being “under the impression that France is a country of beggars, and that we are bound to you by a few subsidies which entitle you to command us.” More importantly, Gingembre accused the US government of supporting select public industries of France at the expense of smaller businesses, as Americans were “inspired by the fear that the processing industries should export too much and resist importations from the US.” This, he seethed, pushed him and his colleagues into an impossible situation as “through the competition thus created on the limited French market” they were forced into “a policy incompatible with the high salaries that *you* can pay in the United States behind the shelter of protectionism.” Gingembre’s parting shot was to ask the ECA “to meditate upon one of our ‘fables’: the French small and medium

⁷⁶ Letter from Heyward Gibbes Hill, American Consul General Marseille, to C. W. Gray, American Consul General Paris, in response to Gray’s request for monthly reports on progress of productivity drive in southern France, April 30, 1952, Entry 1192, Box 172, RG 469, NARA.

businesses prefer to remain free ‘wolves’ rather than become ‘dogs’ at the bidding of any person or regime.”⁷⁷

This was, of course, a public relations nightmare for the ECA as Gingembre cleverly touched upon many hot button issues of French resistance to Marshall Aid in his protest. To make matters worse, an independent French left-wing publication *Combat* picked this story up, publishing an article entitled “Small Business Association Against US Aid for Productivity” using direct quotes from Gingembre’s letter.⁷⁸ Furthermore, ECA learned that the text of the letter had been passed to *Le Monde* as well.⁷⁹ Ultimately, he explained in a letter written after the dust had settled, Gingembre had reacted to the fact that

the Americans . . . seem to see French industry only through the clichés pronounced by their experts, after contacts of limited nature with a few French officials chosen by the Government on account of the special position which they occupy in France. This is what caused Mr. Joyce [an American industrialist] to state in an article that French management has the mentality of the feudal era and that it has not human contacts with its personnel.⁸⁰

Gingembre could not have played his hand better. Not only did he employ language that implicated the ECA in an imperialistic plot to overwhelm French politics and economics, he also accused the ECA of being underinformed, ignorant of the French situation and perhaps duped by the French government. These letters suggested potential trouble for

⁷⁷ Translation of letter from Monsieur Gingembre to Mr. John Carmody, Director of the Productivity Section, September 12, 1951, Entry 1192, Box 169, RG 469, NARA.

⁷⁸ Translation of “Small Business Association Against US Aid For Productivity,” *Combat*, September 14, 1951, Entry 1048, Box 7, RG 469, NARA.

⁷⁹ Memorandum to Harry Martin, LI Director from Jacques Masson-Forestier, European Desk, LI, Entry 1048, Box 7, RG 469, NARA.

⁸⁰ Letter from Mr. Gingembre to Mr. Labouisse, Director of French Productivity Section ECA, September 22, 1952, Entry 1192, Box 169, RG 469, NARA.

the ECA if it chose to take active steps toward direct involvement in reforming French industry.

The ECA's solution was generally to avoid treading on the toes of Gingembre, his organization and the French business establishment described by *Match* and alluded to by other French observers. By 1952, ECA still refrained from broaching this subject and rejected the first ECA film made for France on the grounds that "the entire content and tenor of the film is such as to present a picture of paternalism and archaic labor-management relations." Though Americans insisted that they would "not stand for the perpetuation of paternalism and an uneven bargaining relationship which sets the patron against the individual worker," they attacked the problem by emphasizing the value of management and labor working together to achieve productivity rather than tackling the structural problems of French industry head on, a strategy that experience had proven would provoke a harmful and acerbic response.⁸¹

Though this minimized ECA's message, it saved the organization from offending an important segment of the French population. The ECA sought to influence French policy in a general way but tended to avoid direct confrontations and what might appear as overly intrusive recommendations. Instead, ECA left the direct and specific objections to the French themselves as it continued to fall back on its allegedly "apolitical" mantra of increased productivity providing an increased standard of living for all in the vain hope that it could overcome class differences. However, in mobilizing and analyzing these "apolitical politics of productivity" for their own political purposes and using it to

⁸¹ Memorandum from David A. Safer, Acting Labor Information Officer to Ken Douty, Chief Labor Division, August 27, 1952, Entry 1192, Box 168, RG 469, NARA.

support their own class based interests, the French ultimately proved such “apolitical politics of productivity” quite political after all.

In essence, the French public took what the ECA productivity information program gave them, pronouncements about a better life achieved through production, and used it either to support or pressure the ECA in the hopes of shaping their future to their own liking as best they could. Whatever their political persuasion or feeling about US intervention in French life, the French worker, industrialist and journalist conspired to support their own causes in the face of, and sometimes by monopolizing on, American pressures. By turning the tables on ECA information specialists, these French often drove the Americans to frustration. ECA officials, overwhelmed by the varied and sometimes unanticipated political implications of their messages after having been picked over by the French audience, often took a less dramatic stance than they otherwise might have to avoid stirring up any trouble.

As they went about this business, the French even came dangerously close to politicizing domestic issues that Washington hoped to keep under wraps. In their exposés of American life, that touched upon living situations and equality, French reporters like Michel Rivery made a point of noting the existence of “racial segregation” and the fact that “nearly each city has its negro quarter” separated from all others.⁸² Rivery even dedicated one of his regular columns in *L’Aube* entirely to issues of American diversity, particularly relations between “white and colored people” and the differences in their

⁸² Translation of survey by Michel Rivery, “Aspects of American Life, VII. The Country of Sky-scrappers suffers from a Housing Shortage and Numbers 7 Million Hovels,” *L’Aube*.

access to the amenities that had come to represent American democracy in the early 1950s.⁸³

This fascination with American race relations was not limited to the pages of *L'Aube* but was also taken up in *Combat* that ran a survey in five installments by Daniel Guerin entitled "Two Years with the American Negroes" in late 1950 over the Christmas and New Year holidays when readers had the time and inclination to read such human interest stories. While Guerin went into great historical detail about the history of the disenfranchisement of African Americans and the campaigns of terror waged against them, he also recounted details of their living situation and contrasted it with that of white America. Guerin explained that

houses in the white town are mostly comfortable and well kept up. Electric fans hum there during the summer months, the windows are screened with mosquito netting, and the inhabitants enjoy all the coolness compatible with the climate. The streets are paved and electric wires are strung alongside of the trees. 'On the other side of the tracks,' the scene is quite different. Here, houses are small and dilapidated, and lack all modern comforts; they are often simply hovels. At night, petroleum lamps shed their blinking light through the windows. There are few electric bulbs to be seen. Most streets are not paved, and even less swept. Their bumps and holes make it difficult for an automobile to circulate. At night, whole families crowd together on the porches, in search of a little coolness, due to the lack of electric fans and refrigerators.⁸⁴

Guerin also held forth on his experiences of traveling with a black companion to emphasize the point that black people were not admitted in white society nor were they

⁸³ Lizabeth Cohen makes the argument that the Civil Rights movement itself was transformed by the focus on consumerism and access to sites of consumption in the postwar era in the United States. Due to this new attention paid to consumerism and American democracy measured by one's access to it, the Civil Rights movement came to highlight these issues, including housing, and fought many of its battles at sites of consumption such as the lunch counters of Woolworths and other stores. Cohen, *A Consumer's Republic*, 166-191.

⁸⁴ Translation of installation II in survey "Two Years with the American Negroes," *Combat*, December 30, 1950, Entry 1048, Box 7, RG 469, NARA.

provided the same amenities. “When I visited,” parks, museums, restaurants and hotels as far North as New York “in the company of my Negro driver,” Guerin claimed, “white people’s faces became petrified, as if we had desecrated the Holy of Holies.”⁸⁵ Naturally, the ECA was horrified to find these stories in the French press and feared “the adverse reaction it would have against *all* USA causes.” ECA policy planners were only minimally relieved to learn that in his upcoming book, Guerin planned to include “a chapter entitled Progress which details all the advancements made in the USA in the last two years re. the problem” of race relations.⁸⁶

Since the 1940s, the US government had been deeply troubled with how to treat American race relations in its overseas information programs.⁸⁷ Though the world had never been ignorant of the existence of racial inequalities in the US, mass communication and enemy propaganda during WWII turned the civil rights issues that challenged the stability of American society into a major public relations problem for the US.⁸⁸ Not only did minority issues divide and weaken American society domestically, but in an age when international public opinion was becoming increasingly mobilized, they also threatened the government’s ability to operate effectively on the international scene. As Swedish sociologist Gunnar Myrdal observed in the mid 1940s, “the treatment of the Negro is America’s greatest and most conspicuous scandal. It is tremendously

⁸⁵ Translation of installation II-V in survey “Two Years with the American Negroes,” *Combat*, December 30, 1950, Entry 1048, Box 7, RG 469, NARA.

⁸⁶ Memo from Harry Martin to Roscoe, Entry 1049, Box 2, RG 469, NARA.

⁸⁷ There has been recent interest in the influence race and civil rights issues played in American foreign relations during the Cold War. For full treatments on this see, for example, Mary Dudziak, *Cold War Civil Rights: Race and the Image of American Democracy*, (Princeton: Princeton University Press, 2000) and Thomas Borstelmann, *The Cold War and the Color Line: American Race Relations in the Global Arena*, (Cambridge: Harvard University Press, 2001).

⁸⁸ Barrett, 196.

publicized” and “has not made good propaganda abroad.”⁸⁹ Even during the war, the Office of War Information had recommended that “one of the things we must assiduously avoid is a propaganda war on racial issues”⁹⁰ since “our record concerning minority groups is not good enough to provide good propaganda.”⁹¹

ECA also attempted to shy away from troublesome race issues as much as possible but, considering the negative public relations exposure in French articles, occasionally felt pressured to address them. By early 1951, as he planned to speak before French trade unionists, the Acting Chief of ECA’s Labor Information Office insisted that “a very important part of this presentation concerns the situation and activities of negroes in trade unions in the US” to counter the assertions that African Americans were not fully integrated members of a democratic society. He thus requested information from the United Transport Service Employees of America, the union representing the industry many African Americans had found steady employment in, on their involvement in the American labor movement.⁹²

Rather than “gloss over this most unfortunate aspect of American democracy,” the Americans, recognizing that “the European worker and intellectual are sophisticated enough to realize that minority groups in the United States have had a long and difficult road here,” finally decided that they “must tell the story as it exists.” Optimistic ECA officials even hoped that a positive spin might be put on the story, perhaps by showing

⁸⁹ Gunnar Myrdal, *An American Dilemma: The Negro Problem and Modern Democracy*, (New York: Harper & Brothers Publishers, 1944), 1020 & 1016.

⁹⁰ Memo from S.H. Richard, San Francisco Office, to Claude Buss, October 6, 1944, Entry 488, Box 3107, RG 208, NARA.

⁹¹ Special Directive on Treatment of Negro and Other Minority Problems, October 9, 1944, October 9, 1944, Entry 488, Box 3107, RG 208, NARA.

⁹² From letters from David A. Safer, Acting Chief Special Media, Labor Information to Willard S. Townsend, President, United Transport Service Employees of America, 13 February & March 6, 1951, Entry 1051, Box 23, RG 469, NARA.

that “through evolutionary democratic process, firm and lasting changes for the better are taking place in the United States,” a message they “[sought] to drive home at every turn” regardless of content. However, in planning for presentations and other information projects, ECA officials could still not work out how to treat this thorny issue in its public outreach materials and thus determined that the safest approach was the somewhat craven one of merely including visuals that showed African Americans present and accounted for at trade union events. Not knowing what to say or how to say it without provoking charges of hypocrisy, ECA meticulously avoided any written elaboration of African Americans’ station in American democracy.⁹³ Confronted with an ugly truth about the society they so avidly described as egalitarian and respectful to the rights of the working man, ECA could do little but retreat into silence as further discussion of civil rights issues in America would only serve to highlight unfortunate contradictions in American society.

Despite the fact that Guerin insisted that “my only wish has been to relate my personal observations and to recreate, for my readers, the atmosphere in which I have lived [while in the United States],” one which he found to be “a heavy and noxious” one that “poisons and unhinges the mind,”⁹⁴ these ruminations on the inequalities in American society and standards of living were, no doubt, attempts to goad the ECA into the dangerous territory of addressing the reality of this American double standard that was entirely ignored in its praising portrayal of US life. By racializing the story of

⁹³ David A. Safer, Acting Chief Special Media, Labor Information to Willard S. Townsend, President, United Transport Service Employees of America, March 6, 1951. See also photographs in *A History of American Labor*, Entry 1030, Box 3, RG 469, Memo from Harry Martin, Chief of Labor Mission OSR to Burt Jewell, Office of Labor Advisors, Subject *Joe Smith* pamphlet from French Mission, September 22, 1949 and Report on *Joe Smith American Worker* in France pamphlet, Entry 1051, Box 3, RG 469, NARA.

⁹⁴ Translation of installation V in survey “Two Years with the American Negroes,” *Combat*, December 30, 1950, Entry 1048, Box 7, RG 469, NARA.

standards of living and housing in the US, these French journalists in a sense upped the ante with the ECA. By introducing race into the American picture, a subject these journalists knew was an extremely sensitive one, and fodder for Soviet and communist anti-American propaganda to boot, these French, unwittingly or possibly knowingly, ratcheted up the pressure on the ECA to address not only the interests of the French worker but to approach the French government and industrialists on their behalf. Furthermore, as Raymond Aron observed, the French, tired of US criticism of French colonialism and interference in their empire, also found “the fate of the Indians and Negroes” to be an “effective weapon used against the United States” to defend, albeit in an underhanded way, French colonial interests that the US pressured France to relinquish.⁹⁵

Nevertheless, in his assessment of ECA work, the original chief administrator, Paul Hoffman, put a positive spin on its involvement in the domestic issues of other nations. “The supreme political significance of the ECA,” he liked to suggest,

is that it has developed techniques of collaboration under which a powerful nation like the United States can establish an effective working partnership with a less powerful nation, without exacting from the latter any surrender of the right to rule itself. The ECA is, therefore, the first major experiment in the history of world politics where a strong power, while participating in the internal affairs of a weaker one, has not only refused to infringe upon freedom of choice, but rather invoked every means to conserve that freedom.⁹⁶

However, his pronouncements avoided the fact that the US and the ECA were also subject to foreign scrutiny in the process and that the free democratic debate unleashed in

⁹⁵ Aron, 61.

⁹⁶ Hoffman, 129.

other nations as a result of ECA information projects was not always favorable to America's public image.

Despite its reliance on the supposed "apolitical politics of productivity," the French public response to ECA's information efforts and productivity drive kept the Americans in France constantly on their toes and on the look out for negative reactions to US policy and social politics. This process forced ECA to engage in what was, essentially, diplomatic damage control. By encouraging public participation in its productivity programs and targeting the French worker directly, US policymakers ultimately created a situation in which French public pressure was brought to bear on American diplomats through outlets of French public opinion. The French were certainly unable to dictate US policy, but the issues they raised in their press frequently caused the ECA information officials some degree of discomfort.

Though Undersecretary of State for Public Affairs William Benton had repeatedly stressed the new role the international public played in Cold War diplomacy, few truly expected to have to deal with challenges emanating from such a broad range of political interests abroad. In France, response to the US, intensified by the imbalance of power between the two nations, the French need for US assistance and the proximity this brought between the two nations, ran the gamut. Leftist reactions to ECA's calls for economic modernization were dominated by its distaste for what it saw as exploitative, socially irresponsible capitalism but also reflected widespread French wariness of change and economic standardization. On the right, owners of small businesses and members of privileged families resisted the egalitarian prophecies contained in American information efforts that threatened traditional French social hierarchy upon which their wealth and

social position was based. Those in between pushed for their own personal ambitions and were able to exploit both the American message and deep-seated French impressions of the US to pressure the French government to strive to improve the lot of the French workers and the ECA to go to bat for them.

ECA officials found themselves entangled in these complex politics of a multitude French public opinion makers all attempting to push their own agendas and pressure their own political representatives in democratic fashion. The ECA missions on the ground in France and other European nations bore the brunt of the complex public response to its information programs, a response that often played to complicated local loyalties unfamiliar to American officials. As they executed the difficult assignment given it by Washington, ECA struggled to keep up with this public reaction to US policy. The French, on the other hand, seized every opportunity to use the sensitive issues of American aid, American involvement in French life and the US' own problems for their own political purposes as representative groups of French society seeking to carve out a way for themselves in Cold War politics and diplomacy without being completely subsumed by the dictates of the US or their own government. While increased access to consumer goods might appear to have universal appeal, ECA faced similar pressures in other Marshall Plan countries where it focused on improving retailing and distributive efficiency. Public reaction to these efforts was driven by similar concerns that ECA guidance would disturb traditional economic and social arrangements that had ordered society and social relations for decades.

Chapter Eight

“From Class to Mass:” Establishing Conditions for the “Ample Life” and a Mass Market in Denmark and Germany

[The concept of productivity] means that the archaic concept of low output and low wages, high profits, and high prices can be replaced by a new equation of high output, high profits and the lower prices that result from volume production and volume sales with consequent reduction in unit cost. Productivity can remove the economic strait-jacket in which millions of Europe's workers and petty bourgeoisie feel themselves encased. It can endow them with a sense of moving toward a more ample life. Otherwise they will in desperation heed the promises of Communism.¹

- Undated ECA Policy Guide Lines for the Productivity Program

High production in itself should never be accepted as a goal; rather it should always be regarded as the means to an end, the method by which unit production costs can be lowered, thus bringing about lower prices and a wider distribution of products among all population groups. Ultimately, stepped-up production should be aimed at insuring a higher standard of living generally throughout the social order.

- Suggested Office of Special Representative Policy Statement on Productivity, March 1950.²

In the spring of 1950, the chief purchasing agent and the advertising manager of Illum, Denmark's second largest department store joined an ECA representative on a tour of the country. Their objective was to solicit support from the store's suppliers for a special exhibit dedicated to publicizing the success of Danish producers who had received Marshall assistance. On May 20th, the display at Illum was unveiled to expectant peripatetic audiences passing along Strøget, Copenhagen's main pedestrian

¹ “Policy Guide Lines: Productivity Information Program,” undated, Entry: Office of Information, Special Assistant for Policy Planning, Office Files of Herbert Harris, Special Assistant, RG 469, NARA.

² Suggested OSR Policy Statement on Productivity, March 1950, Entry 1051, Box 10, RG 469, NARA.

mall. Twenty-eight of its windows featured massive photographs of production on the shop floor of the industries that supplied Illum's products and hawked the latest trends.

Publicity was hot. Every major city newspaper carried full-page advertisements in three colors touting this event intended to celebrate "home-made products at competitive prices." As preparations were made deep within the store for the three hundred place luncheon to be attended by the American ambassador, chief of the Marshall Mission to Denmark and the Danish ministers of commerce and finance, outside, "long before opening hour, a queue of customers 3-deep and a block long formed along Strøget." When the doors opened, the crowds reportedly streamed through the aisles, leaving an empty swath in their way. So ferocious was the supposed appetite of this rapaciously consuming mob for the freely available goods that "tennis shoes, beach balls . . . shoes, stockings, brassieres, girdles, corsets, panties, dresses, scarves, handkerchiefs, slacks, sweaters, mattresses, bathrobes, suits, gloves, hats, kitchen utensils, raincoats, umbrellas" were hungrily snapped up at rates that demanded managers to make a "hurry-up telephone call" to suppliers who "produced several more truck loads of goods which were sold out by early afternoon."³

By all accounts, the Illum exhibit was a stunning success and indicative of a deep-seated Danish impulse to consume. Representatives of the Danish government relished the healthy consumer demand this exercise in retailing demonstrated. Naturally, Svend Illum was particularly delighted. Not only did his store experience record sales, but, as he triumphantly announced, this was the first time he had ever "seen manufacturers and merchants cooperate to give the consumer exactly what he wants." And, as ECA

³ Telegram regarding Copenhagen department store exhibit for Tobler from Durrance dated May 24, 1950, Mission to Denmark, Information Division, Subject Files, Box 1, RG 469, NARA.

reported, “even communist reaction [was] relatively mild, proving there’s no argument against more goods of better quality at lower prices.”⁴ However, perhaps most chuffed at the positive publicity the event offered them were the ECA officials who took the Illum exhibit as a sign that their efforts to establish conditions for mass consumption and mass marketing in Europe and to move goods more effectively and efficiently to a broader base of consumers were finally paying off.⁵

While achieving high productivity was the chief concern of the ECA mission in Europe, it also recognized that consumption and distribution of goods was a crucial corollary, the flip-side, of its main job of bolstering shaky economies and incorporating them into Western political and economic arrangements. Just as consumption held a key part in sustaining the postwar US economy, it would also, Washington hoped, play a chief role in reviving the European economy and diminishing the appeal of any communist arrangement for the distribution of wealth and property.⁶ If US officials could demonstrate that their economic suggestions would provide for the satisfaction of personal needs by making available consumable goods that had been scarce for decades, the hope was that Europeans would not only embrace the project of productivity but welcome other US recommendations that pertained to both economic reconstruction and Cold War diplomacy. Raising standards of living by making consumer goods more

⁴ Ibid.

⁵ Telegram from Copenhagen Office for Tobler from Durrance in Paris Office of Special Representative, May 23, 1950, Entry 1048, Box 5, RG 469, NARA supports this assertion.

⁶ For scholarly treatment of the vital role consumerism played in the political economy of postwar America and as a patriotic means to contain communism, see, for example, John Gregory Stocke, ““Suicide on the Installment Plan’: Cold-War-Era Civil Defense and Consumerism in the United States,” and Cynthia Lee Henthorn, “Commercial Fallout: The Image of Progress and the Feminine Consumer from World War II to the Atomic Age, 1942-1962,” both in Alison M. Scott and Christopher D. Geist, eds, *The Writing on the Cloud: American Culture Confronts the Atomic Bomb*, (Lanham, MD: University Press of America, Inc., 1997), 45-60 and 24-44 respectively. Both address the transformation of the idea of consumption as a civic duty and means to strengthening the US in the competition against the USSR.

widely accessible would, ECA logic went, ward off communist appeals but also enhance the United States' image abroad.

The problem of engineering a rise in European consumption was similar to that of elevating productivity as it involved revolutionizing staid habits of distribution and purchasing that were fairly well engrained in European lifestyles and commercial arrangements. On his visit to Denmark in 1951, Paul Hoffman's successor William C. Foster, recognized that productivity "is also a question of attitudes, including willingness to improve distribution of the new production in such a way that all members of society share fairly in the enlarged output, and so that incentives to produce are more effective." Accomplishing this would be difficult. While ECA felt it could easily proffer advice and arrange for transfer of technical skills, it feared that "only Europeans can make the fundamental changes in state of mind" that would be required to raise consumption and change the overburdened, outdated delivery systems and culture of consumption forged many decades ago. These existing methods of distribution, ECA feared, did not operate efficiently enough to move the anticipated results of increased production that would hopefully spring from the ECA productivity programs.⁷ "The success of the ECA's productivity programs," official US documents concluded, thus "[depended] on the extent to which this favorable mental set [toward a new kind of market] can be developed."⁸

Central to ECA's work, then, was a focus on overhauling outmoded European attitudes toward the means of distributing and consuming goods that could potentially harm the success of US policy in Western Europe. ECA officials reported widespread

⁷ Statement by William C. Foster, Administrator of ECA, Copenhagen, Denmark, June 19, 1951, Mission to Denmark, Information Division, Subject Files, Box 2, RG 469, NARA.

⁸ "Policy Guide Lines: Productivity Information Program."

“deterrents to productivity” resulting from European “fear of building unsaleable inventories.” This, they concluded, stemmed from a “lack of understanding of the principles of marketing” rather than deficient demand or other true structural reasons for why inventory could not be pushed more effectively. What Europeans must be convinced of, ECA reports indicated, was that “market study and analysis techniques” as well as “undertaking a well-organized sales promotion and advertising campaigns to increase the desire for and sale of their products” was the way to selling the fruits of increased productivity and enlarging the European market.⁹ By doing so, the theory, or at least the rhetoric, went, recipients of Marshall Aid and ECA advice would be able to improve their standard of living, a development that would, US officials claimed, do the job of providing a viable “mid-twentieth century alternative to Marxism and that curious amalgam of feudalism, mercantilism and statism which is called capitalism in Western Europe.”¹⁰

By training European audiences to sell and purchase the growing availability more freely in greater quantities, ECA not only aimed to broaden and deepen actual markets, but also to school Europeans in the American “concept of social citizenship” determined by an “entitlement to a decent standard of living” achieved through a growing, more democratic mass market rather than by the more equitable redistribution of limited goods and wealth that doctrinaire leftists preferred.¹¹ US officials perceived

⁹ From June 1953 *Project News* report on technical assistance program, Entry 1203, Box 7, RG 469, NARA.

¹⁰ “Policy Guide Lines: Productivity Information Program.”

¹¹ Victoria de Grazia has made this observation in “Changing Consumption Regimes in Europe, 1930-1970: Comparative Perspectives on the Distribution Problem,” in Susan Strasser, Charles McGovern, & Matthias Judt, eds., *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, (Washington, DC & Cambridge: German Historical Institute & Cambridge University Press, 1998), 61. Elizabeth Cohen’s work has also gone far to explore the American emphasis on consumerism as a way to

European markets as rooted in outdated definitions of commerce that encompassed all levels of trade in an organic yet cumbersome whole. In this system, ECA felt that goods reached consumers through an antiquated, circuitous route that incorporated producers, merchants, middlemen, local grocers, trade guilds, craft guilds and numerous other characters in the eventual delivery of goods from producer to consumer. This meant that the exchange of goods was mediated and influenced at many different points by the complex, overlapping relationships each of the players in this network held to one another, a fact that served to distance the consumer from the producer. Ultimately, Americans saw it as their job to replace this inefficient and wasteful system with the modern, unfragmented mass market that eliminated these numerous intervening factors and implemented a system that distributed goods quickly and directly from the producer to the consumer with as few middlemen and points of negotiation as possible. Not only would creating the appropriate conditions for a mass European market get goods into the hands of consumers more quickly, and perhaps more cheaply, but this process would also help achieve the American goal of creating a sound and integrated European economy.

As Victoria de Grazia has pointed out, a redefinition of the market would have significant social and cultural ramifications for many Europeans, particularly for the craftsmen, shopkeepers, merchants and other so-called middlemen who found their

define citizenship most recently in her book *A Consumer's Republic* in which she traces the decline of consumerism as an outlet for political activism in the WWII era (see chapter 1) and the impact the rise of mass consumption in the Cold War period had on the diminishing the power of the citizen consumer in US society in the Cold War era of mass production (see chapter 3). Cohen also deals with this issue in earlier publications such as Elizabeth Cohen, "The New Deal State and the Making of Citizen Consumers," her contribution to *Getting and Spending*, 111-125. See also Henthorn, "Commercial Fallout," in Alison M. Scott and Christopher D. Geist, eds, *The Writing on the Cloud: American Culture Confronts the Atomic Bomb* 29-30. For a longer view on the nexus of consumption and citizenship in the US, see Charles McGovern, "Consumption and Citizenship in the United States, 1900-1940," also in *Getting and Spending*, 37-58.

identity and economic and social existence threatened by the establishment of a new, more impersonal, ephemeral market that was detached from any particular national or regional identity and devoid of personal negotiations or physical locations of exchange. Redefining the European market according to these ECA suggestions would also hold great significance for the European consumer who, according to US rhetoric, would now be empowered by a new distribution system that elevated the consumer's buying power to, at least in theory, the real determining factor of the market, replacing the intervention of local merchants and tradesmen by direct consumer control over selection and purchase of goods and services.¹² In ECA's vision of the new European marketplace, consumer demand and tolerance for products would serve as a replacement for the negotiation and bartering previously performed by various middlemen in the old commercial network that ECA felt had continued to influence, define and restrict European markets.

An essential part of ECA's efforts to champion its vision of this new, more impersonal mass market in Europe was its campaign to improve the actual retailing of goods with the aim of eliminating the intervention of the local shopkeeper and all of his biases and ulterior motives from the exchange with the consumer. The shop owner and his clerks were to take a step back and producers themselves were to position products for purchase by defining their value and appeal through packaging and presentation. Programs to develop and improve retailing practices were particularly strong in both Denmark and West Germany. Though vastly different in their circumstances by the late 1940s, ECA targeted the populations of both former occupied and former occupier as it

¹² See Victoria de Grazia, "Changing Consumption Regimes in Europe, 1930-1970," in Susan Strasser, Charles McGovern, & Matthias Judd, eds., *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, 62-65.

worked toward increasing European consumption and creating the conditions for the mass market that would further economic integration.

In Denmark, US officials recognized the attention given to high standards of living, noting that as in all the Scandinavian countries, the Danes “have made it a chief aim of their economic policy to achieve and maintain a high and stable level of economic activity and employment, and they carry through a policy for the equalization of incomes in order that all citizens may have a decent standard of living.”¹³ Though it tended to agree with outsiders that Danish “trade unions give their full cooperation to the efforts towards an intensified production and increased productivity,”¹⁴ the US embassy in Copenhagen reported that they generally “[failed] to grasp need for playing down new wage demands and to concentrate on full employment rather than new wage increases or reduced hours of work.”¹⁵ Without “comparable output of consumer goods to sop up this purchasing power,” the result would merely be gross inflation¹⁶ that might threaten the attainment of desired living standards and generate large-scale, destabilizing social dissatisfaction. In the US formulation of an efficiently operating European economy, wages should remain low to avoid pressure on prices but be offset by the higher standard of living that would result from the lower prices gained from improved efficiency and higher production levels. Thus, official US assessment of Denmark pronounced “problem number one as preserving stable economy with rising real standard of living,”

¹³ Airgram from Office of Special Representative to ECA, Washington, November 7, 1949, Entry 1048, Box 5, RG 469, NARA.

¹⁴ Translation of “Trip to Denmark: Trade Unions and Cooperatives, Key to Social Equilibrium,” by Italian journalist published in *Conquista del Lavoro* 14 May 1950, Entry 1052, Box 3, RG 469, NARA. See also report on Danish labor, January 6, 1950, Entry 1048, Box 9, EG 469, NARA.

¹⁵ Airgram from American Embassy in Copenhagen to Secretary of State, September 6, 1949, Entry 1048, Box 5, RG 469, NARA.

¹⁶ *European Recovery and American Aid: A Report by the President's Committee on Foreign Aid*, (Washington, DC: US Government Printing Office, 1947), 6.

that Danes supposedly cherished, through increasing availability of products and keeping inflation in check.¹⁷

Ensuring that products were effectively distributed to the population so they could be consumed quickly enough to maintain an elevated productivity and high standards of living, was given top priority in ECA's Danish offices. As an editorial in the second largest Danish newspaper suggested, given the right circumstances, "consumption which has been satisfied at the present price might well double when the price goes down" and "there is no reason to believe that the ordinary Dane will behave very much differently from the ordinary American. If prices . . . fall, there should be a great home market for the industry," and, as the special promotion at Illum demonstrated, Danes could become the avid consumers the American concept of market necessitated. What was required, the opinion piece suggested, was merely to give the concept of rationalization "the life and meaning which might make the man on the street appreciate the idea."¹⁸

ECA figured that promoting access to consumption in this manner not only would contribute to creating the type of market the US strove to establish in Europe but would also allow ECA the opportunity to communicate the concrete, every day benefits of its overall program to the average citizen on a level to which they could directly relate. By providing more goods of improved quality for their households and speeding their delivery to Danish homes, ECA hoped to appeal to the Danes' high standards and win popular support for general US objectives. As such, ECA efforts to promote distribution served, in many ways, as an excellent opportunity to generate positive public relations for

¹⁷ Airgram from American Embassy in Copenhagen to Secretary of State, September 6, 1949.

¹⁸ Translation of editorial in *Politiken*, September 8, 1951, Entry 1048, Box 5, RG 469, NARA.

the Marshall Plan among the Danish citizens who valued their relatively high standards of living and considered them an emblem of national pride.

Denmark had emerged from WWII relatively unscathed as its infrastructure had been more or less preserved by German occupiers who hoped Denmark could provide agricultural and industrial products to the Third Reich. Having initially cooperated with the Germans, the Danish government was able to operate continuously, even under occupation, and the Nazis permitted the Danish press and law enforcement to operate freely. As the war continued, Danish social discomfort with the German presence had increased and the working classes, in particular, felt the economic pinch of wartime inflation. This had led to unrest led primarily by the Danish communist party that, by virtue of the fact that it was not represented in the government at the time, felt it was under no obligation to perpetuate a peaceful coexistence with the Nazis. In the postwar period, this wartime legacy of legitimacy the communists had earned remained of some concern to US officials. Nonetheless, wartime election returns showed strong Danish commitment to a liberal democracy. A German supervised election in March 1943 had resulted in one of the highest voter turnouts ever with ninety percent of Danish voters turning up at the polls, ninety-five percent of whom voted for the four major democratic parties who made up the government,¹⁹ the Social Democrats, the Radicals, the Conservatives and another conservative party known as Venstre (Left).²⁰ Furthermore,

¹⁹Franklin D. Scott, *The United States and Scandinavia*, (Cambridge, MA: Harvard University Press, 1950), 255.

²⁰Ebbe Kuhle, *Danmark Historie og Samfund: Hovedfaser I Danmarkshistorien*, (Copenhagen: Gyldendalske Boghandel Nordisk Forlag, A.S., 1989),164.

this Danish government had maintained its own legitimacy by resigning shortly afterward in the face of unreasonable Nazi demands.²¹

In the immediate postwar period, the communists did indeed cash in on the prestige they gained from organizing resistance during the war and gained eighteen out of 149 seats in the parliament, fifteen more than they had held during the war.²² These election returns and an American study on the postwar role of the Soviet Union that determined Denmark was one of “those small states where the influence of Russia on the one side and Britain and America on the other was roughly equal”²³ generated some concern in US government circles. Furthermore, a Danish government commission charged with the duty of determining postwar plans advised that Denmark should sustain its traditional neutral position and remain outside of any alliances in the post WWII period just as it had done prior to the war. In addition to this statement, the commission publicly announced its willingness to purchase weapons from any of the former Allied nations including the USSR.²⁴ Before the war, Denmark had conducted most of her foreign trade with Germany and the Germans had proved to be excellent customers. With the German economy now in shambles and with coal and other essential goods running low, the Danish government hesitated to shut out potential trading partners by taking any sides and initially tried to maintain a neutral status in the growing rift between the US and the Soviet Union. Danish neutrality paid off in the immediate postwar years.

²¹ For details on the history of the wartime occupation of Denmark, see Richard Petrow, *The Bitter Years: The Invasion and Occupation of Denmark and Norway: April 1940-May 1945*, (New York: William Morrow and Company, Inc., 1974), Henrik Nissen, *Scandinavia During the Second World War*, (Minneapolis, University of Minnesota Press, 1983).

²² Kuhle, 164.

²³ Geir Lundestad, *America, Scandinavia, and the Cold War: 1945 - 1949*, (New York: Columbia University Press, 1980), 4.

²⁴ Paul Hammerich, *En Danmarkskrønike, 1945 - 1972*, vol. 2, (Copenhagen: Gyldendal, 1976), 15.

Between 1946 and 1948 Denmark arranged a number of trade agreements with the Soviets who could supply the coal and oil that Denmark had formerly obtained from Germany.²⁵

To further this neutral status the Danes joined other Scandinavians and worked toward creating a Nordic alliance that could stand alone between the greater powers.²⁶ This position led to the initial Danish refusal to accept Marshall Aid²⁷ and as late as 1948, Denmark continued to resist pressures to join NATO. In January of 1948, Danish Prime Minister Hans Hedtoft declared:

we will definitely not place our country in any bloc. We are a member of the United Nations and must do our duty as a Nordic land there. We will work in all areas to realize and maintain our right and duty to freely express our opinion to both East and West according to the democratic ideas as expressed in our constitution. May I add that in my opinion it is not in the Danish or Nordic interest to deepen the obvious differences between East and West. A definite break between the super powers that stood together to win the war would be a catastrophe for us all - perhaps not least for the North.²⁸

Denmark's obstinate refusal to align itself with the Western powers completely contradicted the US government's plans to unite the Western nations against the Soviet Union. Although small, Denmark's own geographical position across the Baltic Sea from the Soviet Union and its control of Greenland, home to strategic American military bases,

²⁵Carsten Holbraad, *Danish Neutrality: A Study in the Foreign Policy of a Small State*, (New York: Oxford University Press, 1991), 99 and Scott, 291. See also Weekly Directive for Denmark, June 29, 1945, Entry 365, Box 213, RG 208, NARA.

²⁶Scott, 307. See also Vibeke Sørensen, *Denmark's Social Democratic Government & the Marshall Plan, 1947-1950*, (Copenhagen: Museum Tusulanum Press University of Copenhagen, 2001), chapter 2 that discusses the official Danish response to the Marshall Plan and the relative absence of foreign policy of the leading Social Democratic Party that saw neutrality as a way to reduced defense costs and apply limited resources to improving domestic social welfare.

²⁷Denmark resented the fact that accepting US assistance required them to relinquish potential lucrative commercial ties to the USSR. See Lundestad, 92.

²⁸Hammerich, vol. 2, 17.

made Denmark an important focal point in the US plan to contain Soviet power.

Washington therefore desired the full cooperation of Denmark.

Despite these concerns, the Danes ultimately came around. Recognizing that in the international Cold War environment, Denmark had a choice "between isolated helplessness and planned cooperation with other democracies,"²⁹ Danish political leaders ultimately opted to join an international political arrangement of nations with similar political traditions and to learn how to compete and survive in a postwar economic system that promoted free trade between mass capitalist markets.³⁰ Denmark firmly committed itself to the Western defense union by joining NATO in 1949 and did indeed comply with the conditions of Marshall Aid when it accepted it in 1948. By 1950, Hoffman embraced the success of ERP in Denmark and noted that "there remains a very definite connection between economic recovery and anti-Communist votes . . . In Denmark, output is up 31 per cent and the Communist showing is down from 12 per cent of the popular vote (in the 1945 elections) to 4 per cent in the 1950 elections."³¹

The job of the ECA in Denmark, then, was different than that in France. Danes enjoyed the privilege of not only a fairly intact industrial and agricultural infrastructure as a solid base upon which to build its postwar economy, but also a robust, relatively uninterrupted democratic political system that could sustain and revive the Danish political economy. The ECA need not focus on creating conditions under which Danish factories and farms could produce or the political system could operate, but instead was able to direct its attentions to opening and expanding the market and incorporating

²⁹ Ole Bjørn Kraft, leader of the Conservative Party, quoted in Scott, 308.

³⁰ Kuhle, 175.

³¹ Hoffman, 108.

Danish commerce and trade firmly to that of the greater Western European market. This, US officials, no doubt hoped, would firmly discourage the realization of any residual Danish dreams of neutralism and independent commercial arrangements.

Germany, on the other hand, was virtually starting over. Not only had its technical, industrial and economic structures been laid to waste, but the political and social networks put in place by the Nazis had been completely dismantled by the Allied forces and were now being slowly reconstructed under American and British supervision.³² In order to achieve an economy based on high production driven by massive consumption made possible by the purchasing power of the consumer whose needs would be sated by increased availability of goods, “there must be,” US officials concluded, “a rationalization of all distribution facilities.” German labor officials working with the ECA insisted the real solution to creating a productive economy was to appeal to German people who had been deprived of necessities during the war by getting products to them and ensuring that their purchasing power was indeed sufficient enough to reap the benefits of the new economy being built. In Germany, especially, the US worried about the growth of a healthy black market that had replaced a decimated delivery system in the immediate postwar period and perverted prospects of developing official means of distribution and market. The solution, these advisers suggested,

³² There are a number of scholarly treatments of the occupation and reeducation of German society. See, for example, John Gimbel, *The American Occupation of Germany: Politics and the Military, 1945-1949*, (Stanford: Stanford University Press, 1968), James F. Tent, *Mission on the Rhine: Re-education and Denazification in American-Occupied Germany*, (Chicago: University of Chicago Press, 1982), Michael Ermarth, ed., *America and the Shaping of German Society, 1945-1955*, (Providence, RI: Berg Publishers, Inc., 1993) and Richard L. Merritt, *Democracy Imposed: US Occupation Policy and the German Public, 1945-1949*, (New Haven: Yale University Press, 1995). See also Maria Höhn, *GIs and Fräuleins: The German-American Encounter in the 1950s West Germany*, (Chapel Hill: The University of North Carolina Press, 2002) for an interesting examination of the interaction between US occupation troops and German society.

confirming the premises of ECA's program, was "to infiltrate into the marketing organization to prevent the disappearance of the benefits of rationalization"³³ and build a new distribution system from the ground up that would firmly tie Germany to Europe and to US policy that sought to create an economically strong, fiscally and commercially responsible West Germany.

By 1950, US officials reported to their superiors in Washington that "there is a serious maldistribution of purchasing power in Germany" as labor's share of the national income was only thirty-eight percent in the first half of 1949 while it had been forty-six percent in 1929 and, even during the depression, forty-one percent in 1936. According to the numbers, workers did not seem to be benefiting appropriately from the Allied occupation of their country. Management's share, however, had risen since the Nazi regime and was now twenty-six percent of the national income. Furthermore, tax laws were unsatisfactory to the US administration as German authorities were campaigning to reduce rates for high income groups to such a degree that ECA felt the tax structure was regressive. All this led to luxury consumption rising, but little hope for growth in the wide scale, broad based consumer purchasing essential to creating a true integrated mass market that could absorb the results of elevated European production.³⁴

De Grazia points out that distribution was a central focus in the denazification project in part because the German Mittelstand, the bourgeois class of merchants, shopkeepers and tradesmen, had even before the war harbored a good deal of angst concerning modernization of the market. These merchants had already expressed

³³ Minutes of Meeting between Mission Chief and Staff and Representatives of German Labor, October 11, no year, Entry 1048, Box 9, RG 469, NARA.

³⁴ Memo on German Economic Problems from E.T. Dickinson, Jr. to R.M. Bissell, Jr., February 23, 1950, Entry 1048, Box 9, RG 469, NARA.

resistance to the growing trend in the 1920s toward mass markets and the threat this would have on their traditional position in German society and their viability in the economy. This situation had, many argued, contributed to the movement to the right in German politics and this group and the bourgeois commercial culture it represented formed a mainstay of Nazi party support or at least a sympathetic audience during Hitler's rule.³⁵

In the postwar period, the anxiety of this class only intensified. The *Mittelstand* associated itself with the project of maintaining the values of traditional German *Kultur* now seen as under barrage not only from the modernizing impulses that had threatened it since the 1920s but also from the mass market and mass production that Americans now wished to institute as a cornerstone of the national policy and national economy of the new West German republic. The best of ECA intentions, and those of the many other US agencies operating in the American zone of occupation, frequently collided with a wall of this defensive sentiment and US officials recognized it as a true public relations challenge as it attempted to direct the German economy.³⁶ ECA thus faced the reality that its intrusions in the realms of retailing and consumption would particularly exacerbate German cultural sensitivities as they trespassed on the sacred territory of what many in the *Mittelstand*, the self-perceived defenders of the bourgeois culture, perceived as one of the primary generators of German identity, the localized system of exchange and consumption that allowed for personal contact and hence the perpetuation of traditional

³⁵ De Grazia, "Changing Consumption Patterns in Europe," in Susan Strasser, Charles McGovern, & Matthias Judt, eds., *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, 69 & 78.

³⁶ For a monograph on the struggles US occupation forces faced to comprehend and address German tendencies to guard their conception of *Kultur* from mass culture, see Gienow-Hecht's study of US sponsored press in West Germany, *Transmission Impossible: American Journalism as Cultural Diplomacy in Postwar Germany, 1945-1955*.

values.³⁷ Regardless of German resistance, ECA sponsored organizations continued to insist that one of the “most important tasks of the German economy” was “to raise the standard of living for the entire population” and that this could only be achieved “by raising the general performance standard, by rationalizing all economic activities, not only for production proper but also of sales activities.”³⁸

A fundamental task of the ECA productivity programs in both Denmark and Germany was thus firmly dedicated to improving the chances for an efficient distribution of goods while maintaining that it would be beneficial to the wider public. At the most basic level, this involved directly intervening in the method of distributing goods at retail outlets so that they effectively reached consumers. ECA embarked on a series of projects to educate Danish and German producers on how best to advertise and promote their wares. With the ammunition of 75,000 Danish pamphlets proclaiming that “better packaging gives better quality, bigger sales, better exports and more earnings”³⁹ and one entitled *Danish Advertising* to demonstrate to the Danes how American advertising campaigns functioned,⁴⁰ ECA sought to launch a public relations effort that would reform Danish retail practices and instruct producers to make their products more attractive to customers. ECA even planned special exhibits at agricultural fairs in the summer of 1951

³⁷ De Grazia, “Changing Consumption Patterns in Europe,” in Susan Strasser, Charles McGovern, & Matthias Judt, eds., *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, 71-72.

³⁸ Translation of Press Release of the RKW, the ECA sponsored German productivity agency, Entry 1048, Box 9, RG 469, NARA.

³⁹ Pamphlet, *Bedre emballage giver . . .* Entry: Mission to Denmark Information Office Publications, 1948-1953, Box 1, RG 469, NARA. Information on number produced from list of publication and statistics, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications, 1948-1953, Box 2, RG469, NARA.

⁴⁰ *Dansk Reklame*, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications, 1948-1953, Box 2, RG 469, NARA.

for the “illustration of modern methods” of food packaging⁴¹ and arranged for an exchange of American salespeople from the National Sales Executives Organization to inform their Danish and German counterparts on modern American sales methods.⁴²

ECA also employed film media to school retailers in the art of selling. Since ECA studies had led its staffers to conclude that “the right picture presented at the right moment by the right person to the right audience will have unequalled power to hold an audience’s attention,”⁴³ they drew upon the audio-visual training materials of the “Better Stores Program” of the US National Association of Retail Grocers with such titles as *Design for Selling*, *Strategy for Selling*, *Your Produce Department* and the crucial *Showmanship for Selling*, to develop films for European retailers.⁴⁴ Through the Rationalisierung-Kuratorium der Deutschen Wirtschaft (RKW), an agency bearing a resemblance to the AACCP, organized in 1950 with significant support from ECA to work with labor unions, craft associations and industrial associations for promotion of German productivity, German retailers could borrow such training films as *Merchandising Fresh Fruits and Vegetables*, *Retailing Fish*, *Six Packaging Studies*, *Distributing America’s Goods*, *The Importance of Selling* and *Helping People Buy*.⁴⁵ To further promote

⁴¹ Telegram dated April 19, 1951 from ECA-Copenhagen to American Embassy in Paris regarding budget information, Entry: Mission to Denmark, Information Division, Subject Files, Box 1, RG 469, NARA.

⁴² From untitled report contained in Mission to Denmark Information Division Subject Files, Box 1, RG 469, NARA.

⁴³ ECA estimated that audio-visual methods of reaching audiences were more effective than others. According to its reports, films imparted 25-35% more factual information to an average audience and viewers absorbed information more rapidly and in greater quantities, undated memo suggesting an Audio-Visual training center be established in Frankfurt, Entry 1203, Box 1, RG 469, NARA.

⁴⁴ Letter to Eugene Epstein, Food and Agricultural Division MSA Germany from Marie Kiefer, Secretary Manager of the National Association of Retail Grocers, December 10, 1952, Entry 1203, Box 8, RG 469, NARA.

⁴⁵ Film titles mentioned in documents contained in Entry 1202, Box 1, RG 469, NARA and Entry 1203, Boxes 4&5, NARA. The German Marshall Plan administration added 30,000DM to their budget in 1952 to enable RKW to buy prints of such training films, see letter to Gene C. d’Olive, Chief of Production Unit,

effective retailing, RKW also formed a working group on industrial distribution, dedicated to studying “the exchange of experience in the fields of procurement and marketing” and one on packaging in which members learned how to promote sales “by selecting the most appropriate and attractive packaging.”⁴⁶

These attempts to improve retailing and presentation of goods were part of the broader project of creating a vibrant market and encouraging mass consumption by forging a more direct relationship between the producer and consumer. Creating a modernized market relied not only on increasing the speed and quantity of distribution but was also dependent on modifying the actual act of shopping itself. ECA specialists recommended that the productivity program be supported by an “information support program” that could “help change attitudes of resistance to innovation, with their clusterings of tradition and inertia, not only among groups immediately concerned [with raising productivity], namely, management, labor, the farmer, the retailer, and certain government officials but also among the public at large.” One of the more important members of this public when it came to customizing purchasing habits to fit the changes made in distribution was the champion of consumers herself, “the housewife,” who, in ECA’s estimation, frequented retail outlets more often than European men who were, ECA hoped, busy at work in the factory raising production levels. Since “productivity defined by ECA [was] more than output per manhour within a measurable framework of supplies, machinery and management” and was also “a new economic philosophy of

Technical Media Section, PTAD, USRO, France from Toby Rhodes dated October 1, 1953, Entry 1202, Box 1, NARA.

⁴⁶ “The Rationalisierung-Kuratorium der Deutschen Wirtschaft reports about Organization and Policy,” Entry 1203, Box 7, RG 469, NARA.

mass production sustained by the release of mass purchasing power,”⁴⁷ the ECA also opted to harness European womanpower as the potential driving force behind an updated, more vital consumer market on the European continent.

The motivation behind reaching out to European consumers, especially the European housewife, stemmed from ECA desire to intervene at the most basic level of retailing and distribution, its mission to restructure the local corner store. Influenced by recent innovations in American retailing and the impending rise of the supermarket in the US,⁴⁸ ECA perceived the primary European retail outlet in the typical neighborhood as a highly inefficient method of distribution and insufficient to supporting and contributing to the development of a mass consumer market. Though Europeans had embraced the concept of the department store at the turn of the century, a retailing arrangement that allowed customers to freely browse available goods, these conglomerate distribution outlets focused on purveying luxury goods to a relatively small percentage of the population. The chief point of contact between the average consumer of household necessities and the market was the small businessman, the grocer, butcher or fishmonger who operated self-run stores.

These privately run, highly individualized retail arrangements enabled the business owners to directly control the act of consumption by advising, negotiating and bargaining with the customer based on potential personal motivations rather than market driven dictates or demand. This relationship, according to ECA, enabled these local

⁴⁷ “Policy Guide Lines: Productivity Information Program.”

⁴⁸ Many attribute the birth of the concept of self-service, franchised and chain stores to the work of US-based A&P grocery retailers, a business that really accelerated in the years preceding WWI. The concept of the supermarket emerged in the 1930s but grew in popularity in the post WWII period. See Richard S. Tedlow, *New and Improved: The Story of Mass Marketing in America*, (Boston: Harvard Business School Press, 1990), 10-11 & chapter 4 that focuses exclusively on the history of A&P.

shopkeepers to have undue influence on the natural operations of a market and distribution system, which they, by their very existence, perverted to some degree by interfering in the process of relaying products from producer to consumer. This system, according to US officials, only served to raise prices, create bottlenecks and distort true demand and thus ECA desired to reduce the effect these bourgeois merchants had on everyday household consumption. In its efforts to empower the consumer, ECA settled upon promoting the relatively new concept of the self-service store as the ideal form for encouraging the retailing of everyday consumer products in Europe. This new type of store would allow consumers the freedom to examine goods directly and would eliminate the ubiquitous presence of the shopkeeper who would now have to spend more of his time managing inventory and relationships with manufacturers than dealing directly with customers. To ensure the success of its project to change retailing, ECA also focused on transforming the shopping habits of the female consumer to fit the new type of retail outlets it preferred and to generate enthusiasm among European women for this type of consumption.

This gendering of shopping by the ECA was based in part on past understanding of employing woman's role as homemaker to fit political needs, such as the movement to Americanize immigrant households during the Progressive era, and an extension of the government's efforts to reach out to women during war in efforts to enforce the rationing of food products. However, it was also rooted in observations that the women in many postwar European nations had formed formal and informal consumer movements pressing governments to provide for their needs in times of shortage. These types of

events had long served as evidence to reinforce the belief that women's purchasing and housekeeping habits were tied in some way to the shape of the national economy.⁴⁹

Whatever the logic, ECA rarely addressed its publicity regarding shopping to a male audience. ECA promotion for self-service stores was geared toward creating a new type of female consumer that differed from the dutiful shopper of the depression and war years who had frugally and patriotically made economic choices at the grocer based on the premise of conserving and the necessity of making some creative choices to make ends meet. Under most retail arrangements in those days, the female head of household would have been in direct contact and discussion with store owners and clerks regarding price and quality. Instead, the ECA now pushed to eliminate such deliberations and hoped to redefine the role of shopping. As Lizabeth Cohen has observed of American shoppers in the 1950s, "the consumer became redefined as a purchaser whose economic behavior also supported the general good, but more through fueling aggregate demand in

⁴⁹ A number of European housewives had staged demonstrations in European cities in the immediate postwar period to protest shortages. See, for example, the description of protests by Danish homemakers in 1946 and 1947, Hammerich, vol 2, 88. See also Nancy Reagan, "Comparing Apples and Oranges: Housewives and the Politics of Consumption in Interwar Germany" in Susan Strasser, Charles McGovern, & Matthias Judt, eds., *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, 241-261 for details on German women's consumer movements and home economics movements in the 1920s and 1930s. Literature also argues that that prevailing Cold War wisdom perceived women's purchasing and homemaking habits as a means to influencing the national political economy in Cold War America when establishing an economy of abundance became a political and economic goal of the state. At this time, consumption for domestic purposes was also valued as a perpetuator of traditional democratic and capitalist values since the home in Cold War culture was perceived as a protective somewhat sacrosanct node of democratic values shielded from communist and nuclear threats. See, for example, Elaine Tyler May, *Homeward Bound: American Families in the Cold War Era*, (New York: Basic Books, 1988) that explores the connection between political and family values forged in an atmosphere of Cold War anxieties and Henthorn, "Commercial Fallout" in Alison M. Scott and Christopher D. Geist, eds, *The Writing on the Cloud: American Culture Confronts the Atomic Bomb*. Both May and Henthorn conclude that this Cold War view ultimately served to curtail the political, economic social role of women in the 1950s.

a mass-consumption-dependent economy than through asserting and protecting the rights of the individual consumer in the marketplace.”⁵⁰

Under new arrangements in the postwar period, prices became firm, opportunity to bargain was removed and shopping involved free, unimpeded access to goods openly displayed. This allowed for an efficient, independent selection of purchases concluded by a fairly impersonal cash exchange at the exit. In the ECA’s vision of the new market, the role of the female shopper was for the most part deprived of strategic value or the capacity to make any intelligent or moral choice of goods. Instead, the housewife-shopper’s function in the 1950s economy was to become a great undiscerning consumer whose patriotic duty in the Cold War years was to Hoover up as much product as possible in order to fuel a mass market that would integrate and strengthen Western Europe. This, perhaps more than any other ECA project, provoked an impassioned response on the part of both the retailers in question and the housewife herself, now the unlikely target of US policy promotion.

⁵⁰ Cohen, *A Consumer’s Republic*, 147.

Chapter Nine

“You Don’t Sell Democracy to Danes the Way You Sell Soap in Sioux City,” or Do You? Reaction to ECA’s Promotion of Buying and Selling

Nowhere have I said anything against the establishment of self-service stores in Denmark, if this is what the consumer wants. Our job is to serve the consumer. But, I also maintain that the introduction of new methods should only take place on a solid basis so that those interested are made absolutely aware of the advantages, disadvantages and economic conditions involved. One ought’nt to introduce something new merely because it is colorful or because it is used in other parts of the world.¹

- Max Lindskov, chairman of Union of Danish Trade Associations, 1952.

One might think that the Americans had systematically investigated Western European economic problems, and after careful consideration had come to the conclusion that liberalization of Western European trade was the only road leading forward. But, it is hardly like this. The American arguments for free trade . . . is intended to cater to the American public and the US Congress.²

- Eyvind Bartels, Danish journalist, 1950.

In 1953, Assistant Secretary of State for Public Affairs, Edward Barrett observed of the WWII propaganda agency, the OWI, that “Eager-beaver workers [had] soon learned you don't sell democracy to Danes . . . the way you sell soap in Sioux City,” and thus the “OWI began to put . . . more emphasis on first-hand knowledge of the customs,

¹ Translation of Max Lindskov, “About Self-Service Stores,” *Børsen*, June 30, 1952, Entry: Mission to Denmark, Information Division, Subject Files 1949-1953, Box 1, RG 469, NARA.

² Translation of Eyvind Bartels, “Where Are We Drifting,” *Information* February 13, 1950, Entry 1048, Box 9, RG 469, NARA.

tastes, and susceptibilities of the particular audiences abroad.”³ However, in its efforts to reach budding European consumers as part of its project to encourage a democratic capitalist order in Europe, ECA unabashedly hawked the benefits of self-service and mass consumption just as the most effective Madison Avenue advertising agency would have promoted the cleansing, and thereby life-changing, properties of an average bar of soap. In doing so, the Marshall Planners paid little attention to the cultural sensitivities and susceptibilities of its wider audience and instead rode rough-shod over the sensitivities of vocal portions of European society that felt threatened by ECA’s efforts to reform the European retail and distribution trades and suspected US officials’ insistence that such change would improve quality of life.

In perhaps its most pointed publication, *Shopping Bag on Wheels*, ECA appealed directly to European women, promising her redemption through consumption, and strongly cautioned retailers to follow the American model or face the wrath of disappointed European womanhood. Self-service shopping would, ECA assured the European housewife, provide the tonic for the monotony of her daily existence. Hoping to strike an empathetic tone, ECA sympathized with the plight of any housewife:

A housewife makes on average 1,000 meals per year and the constant repetition can often make it seem like a treadmill or, at best, an uninteresting piece of work. With a cleverly executed self-service system and proper packaging of materials, the merchant can assist the housewife with meal planning and give her a wealth of ideas for variations in the daily food preparation with new refreshing suggestions for the use of familiar products. He can also display totally new products she has never before encountered. Under the self-service system, the housewife will find herself in pleasant, colorful surroundings in which she can relax and buy exactly as little or as much as she wants without being subjected to effusive eulogies from helpers who can

³ Barrett, 25.

intimidate her with aggressive suggestions. In addition, the housewife will not be pressed to make hasty decisions [by intrusive shopkeepers] when it is her turn to be served. When she has made her selections in peace and quiet, or in a hurry if she is rushed, there is no further wait before she can cash out and leave the store. Experience from existing Danish self-service stores shows that customers, who have, on average, bought from eight different departments, can be expedited at the check out in just under one and a half minutes.⁴

In a nutshell, the self-service store maintained the focus on consumable goods rather than on the personal interaction and bartering that would formerly have been a routine part of a trip to the corner grocer. Without the opportunity to evaluate and attribute her own perceived value to an item or to negotiate with the local shopkeeper, the housewife found her time conserved by the self-service concept allowing her to dedicate her full attention to browsing the aisles and piling wares in her cart. Despite the fact that this system disempowered consumers in many ways, ECA still portrayed an American based modernization of everyday routine in the European household and market as a means for the housewife to actually exercise her freedom of choice, individual decision making power and even a daily dose of entertainment through her shopping experience.

The pamphlets and other visual material that accompanied ECA's self-service shopping project reflected its desire to reach out to European women to encourage her to consume prodigiously. Aside from *Shopping Bag on Wheels*, a pamphlet that was designed as part of a traveling exhibition intended to demonstrate the success of existing self-service stores and was released in both Denmark and Germany, ECA generated other

⁴ From Danish version of *Shopping Bag on Wheels* entitled *Indkøbstasken på hjul*, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications 1948-1953, Box 1, RG 469, NARA. According to ECA, 50,000 copies of this leaflet were produced in April 1952 for distribution at exhibits and fairs related to this topic, Report of print materials from ECA Information Offices, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications 1948-1953, Box 2, RG 469, NARA.

materials to promote its aim of encouraging individual consumption, including films entitled *Self-Service Stores*,⁵ *Verkaufen leicht gemacht* (Shopping is a Pleasure)⁶ and *Jeden Frau kann zaubern* (Every Woman Understands Charms).⁷

Naturally, there was reaction to these efforts that aimed to transform the ingrained daily habits of European shoppers and retailers. Max Lindskov, Chairman of the Union of Danish Trade Associations, published a series of articles in the major Danish business paper, *Børsen*, alleging that American supermarkets ultimately led to higher prices due to the amount squandered on arranging displays and staying open longer hours. Furthermore, he argued, any self-respecting independent Danish storekeeper or assistant “possesses more commodity knowledge, better trade qualifications and possibilities of serving the customer, than the most capable self-service store assistant in America” where “no specialized training is provided for shop assistants.” Instead, Lindskov persisted, “big [US] concerns, with their thousands of stores, employ anyone as shop assistant, and provide a 3-day ‘lightning’ course in commodity knowledge and then 12-14 hours of practical experience. . . . After this applicants are regarded as fully trained shop assistants. Compare this,” he urged, “to our four-year period of apprenticeship which, in my opinion, really assures that the customer gets satisfactory service.” While “the self-service stores in America [might] place large car parks at the disposal of their customers,” Lindskov concluded that “Danish shops

⁵ See Letter to Eugene Epstein, Acting Food and Agricultural Officer, MSA Special Mission to Germany to Robert King Production Unit Special Media Section, December 4, 1952, Entry 1203, Box 8, RG 469, NARA.

⁶ From miscellaneous records in Entry 1202, Box 1, Mission to Germany, Audio Visual Aids Section, RG 469, NARA.

⁷ Ibid.

provide” a service of far greater value to the consumer, “capable, well-qualified personnel for their customers.”⁸

Especially disturbing to Lindskov were the assertions made by Lis Groes, Chairman of Den Danske Kvinders’ Forbrugerråd (the Danish Women’s Consumer Council) “[admitting] that the American housewife, in choosing where to shop, attaches most importance to convenience, courtesy, and price, in that order, . . . and that, in her opinion, the American housewife undoubtedly attaches more importance to the price factor than the Danish housewife does.” Lindskov took issue with this position that “the Danish housewife troubles very little about the price factor.” Instead, he felt that “she knows a great deal about prices and commodities and that she utilizes this knowledge to the full when making her purchases. This is proved,” he smugly suggested, “by the fact that most Danish housewives prefer to deal with privately owned shops, where there is very strong competition with regard to prices” and where she might be able to influence the total of her final purchase.⁹

In this exposé, Lindskov, representative of a trade group to which small storeowners belonged, expressed the anxieties of the many business owners and tradesmen threatened by ECA’s promotion of self-service stores and other retailing arrangements that would transform market relations in European society. As Victoria de Grazia has noted, two of the most notable objections to modernization of retailing were leveled against chain stores and fixed prices. To European merchants, chain retailing interfered with native understandings of class and identity by “[moving] downward and outward” while price fixing robbed independent business owners, as well as consumers,

⁸ Translation of Max Lindskov, “About Self-Service Stores,” *Børsen*, June 30, 1952.

⁹ Ibid.

of any control over the valuation of goods that enabled them to judge quality themselves through bargaining rather than mutely accepting an impersonally attained, fixed value. The real problem, as de Grazia points out, was that the new system endorsed by ECA “undercut the shopkeeper’s mastery and [challenged] the tenets of a moral economy based on fixed needs for fixed social groups.”¹⁰

Despite promises made by ECA publicity that “self-service gives the merchant plenty of opportunities to apply himself in efforts to create the best possible relationship between himself and the consumers,” it still demanded that the shopkeeper “find new ways to understand and influence his customers’ attitudes and give them better service at the same time he increases his business, reduces expenses and achieves greater economic profits.”¹¹ By liberalizing the local market as well as the national and international markets, US efforts threatened to destabilize the traditional social order, that, if Europeans were honest with themselves, had already been subject to the modernizing forces of change for decades, a change that targeted certain trade groups, such as the independent shopkeeper, for eventual obsolescence unless he too modified his ways. These precedents and the memory of the concerns of the 1920s informed European reaction to ECA sponsored efforts to reform European markets and distribution networks and exaggerated the worries of shopkeepers and others who felt the pinch in a changing marketplace.

The economic distress experienced on the eve of the previous war had among other things sparked massive debate over how best to streamline and restore fading

¹⁰ De Grazia, “Changing Consumption Patterns in Europe,” in Susan Strasser, Charles McGovern, & Matthias Judt, eds., *Getting and Spending: European and American Consumer Societies in the Twentieth Century* 75-76.

¹¹ *Indkøbstasken på hjul*.

infrastructures, industrial relations and marketing in terms of rationalization and efficiency. Europeans, and the Germans in particular, had independently seized upon the ideas inherent to Fordism to improve their own situation and to compete with powerful US businesses. The 1920s proved to be a decade of significant self-directed economic and market reform for many Western European countries. While many resisted US concepts, a good number of progressive Europeans saw some validity in them and the potential for positive outcomes from US industrialism and the mass market. The fact remains that the ideals of Fordism were not foisted on European societies but were, as early as the 1920s, embraced by a healthy number of British, French, German and Danish natives who saw in them the means to improving their own societies and economies. Unfortunately, as with any social or economic reforms, these changes left some out in the cold and engendered a good degree of bitterness among those groups who were marginalized by them. The adoption of these techniques thus inspired a good deal of contentious debate over the impact on culture and social relations that resulted from economic rationalization, standardization, modernization and consumption, particularly its influence on the family and the role of women as it was often seen as the cultural litmus test for change.¹²

¹² Mary Nolan explores German industry's embrace of such industrial organizing concepts in the 1920s in *Visions of Modernity: American Business and the Modernization of Germany*, (New York: Oxford University Press, 1994), 58-82. For a more general viewpoint on European encounters with economic rationalization and the economic diplomacy that surrounded them in the 1920s see Frank Costigliola, *Awkward Dominion*, chapters 3 & 4. See also Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age*, (Cambridge: The Belknap Press of Harvard University Press, 1998) chapter 9. Both Nolan and Costigliola imply that this contact, due to the preponderance of US economic clout, directly foisted US approaches on and Americanized European society, pressuring it to change. In keeping with his argument that progressivism of the 1920s was an international and particularly a trans-Atlantic and trans-cultural movement, Rodgers takes a more nuanced view and points out that Europeans of the 1920s reacted to US pressures depending on their political proclivities. The fairly significant leftist movement rejected the capital accumulation that the American model encouraged while rightist purists resisted the dehumanizing influences and cultural sterility of standardization. The centrists, on the other hand, saw

The reality of the controversy surrounding the European fascination with US commercial culture and industrial efficiency in the 1920s must be taken into consideration when evaluating European reaction to the ECA efforts in the 1950s. These post WWII responses were based not solely on current resistance to the American presence but also on the home-bred generational, class and social conflicts that had evolved from the socio-economic change encouraged by many European industrialists and progressive reformers in the 1920s. In the 1950s, the official physical presence of the US merely served to exacerbate and intensify preconceived notions concerning social and economic change and the role the US played in encouraging it. Though the station of the merchant had been threatened by change and reforms since at least the 1920s, now that the Americans had assumed the role of officially and directly promoting modernization of the European economy and a mass market, groups threatened by the revamping of distribution, retailing and consuming the US effort entailed could attach the onus of the ensuing effects to the US agencies that promoted them. This allowed groups fearful of these changes to suggest that the impetus behind reforms that threatened to dilute their culture and challenged their traditional identities emanated from across the Atlantic and from a US government intent on engineering social change in Europe. The focus was thus often on berating the US and scoffing at American society rather than on criticizing the forces of modernization, already set in motion within the European political economy, that many in the *Mittelstand* felt powerless to resist.

promise in the mass market that could potentially improve meet the “needs of the many.” These progressives, like their American counterparts, were the precursors of the Marshall Planners and those who saw merits of increasing productivity and independently supported similar change at home in Europe, Rodgers, *Atlantic Crossings*, 373-375.

By maintaining a focus on the ability of the new European mass consumer society to “[ease] the daily workload of the customers, [primarily] the housewives,”¹³ ECA informational materials exacerbated this social tension between threatened independent retailers and new market reformers who implied that women somehow had an important role to play in transforming the local market into a mass consumer society. Thanks to the attention paid to them by those who desired market reform and to the focus given to them as enablers of mass consumption, women often became targets for the frustrations harbored by detractors of mass society and the symbol of modernization’s ability to subvert well-established social hierarchies.¹⁴ In a particularly pointed yet fairly standard critique of American consumer society, Frenchman Claude Alphonse Alphonse found that in such a society “to be a good citizen is to be one who consumes, more and more” to “enlarge the market,” and that “everything is put in motion to seduce him, to encourage him to buy.” Aside from the general moral corruption this could lead to, Alphonse also found that embedded in such an arrangement was the potential for a profound transformation of gender relations and for the role of women in general. In the US where the consumer society was more developed, he argued, “the essential role of the man” was reduced to “[replenishing] the housekeeping till” while that of the woman [was] to dispose of it.” Thus, “when it comes to consumption, the woman tends to take the man’s, that is, the leading role.”

¹³ *Indkøbstasken på hjul.*

¹⁴ Mary Nolan, also makes this point in *Visions of Modernity*, 120-127. She notes the existence of anxieties regarding the impact of American modernization on gender roles and the presence of stereotypes assigned to the ‘American woman’ in a modernized economy already in the 1920s and attributes them to German anxieties regarding the changing role of male power and privilege in an emergent mass culture and in a period of economic crisis. Nolan pushes her discussion of this dynamic into the 1950s and 1960s in “Consuming America, Producing Gender” in Laurence Moore and Maurizio Vaudagna, eds., *The American Century in Europe*, (Ithaca: Cornell University Press, 2003), 243-261.

By giving women this agency, European critics sensed grave, unsettling dangers lurking in the mass society that ECA and others wished to promote in Europe, ones that would shake established gender roles and traditional relationships. As the shopkeeper (usually male) ceded control over consumption to the mass market and male income earners relinquished responsibilities for consumption to their wives, the consumer (usually female) could now define herself and her social worth through the new, easily performed civic duty of consumption. In this scenario, women seemed to wrest control over the purse strings and thus, in a society where relations were based on access to consumer goods, the ability to dominate the entire life cycle of the income earners, men, and in the process transform familial and social relations.

For Alphandéry,

The young woman begins to control the situation around fourteen years of age. The ritual of young people authorizes her to fix her sights on a boy of fifteen who will be her escort for a whole year without daring to extricate himself. It is true that in exchange he merits a couple of kisses and then the year after a few more savory sessions and that he can become indignant if he does not receive his money's worth: 'I spent seven dollars on her last night,' a young high school boy told me one day, 'and she did not want to be kissed.' Then, married since college, the young man tries hard to always earn more money to acquire a house, car, electric house-keeping appliances, to attain an honorable social rank and to take out a good life insurance policy. Returning from the office, he works hard at his chores and home maintenance. His wife deals with the education of the children and the important housekeeping decisions. It is she who decides the principle investments, solicits the loans and often manages the stock portfolio. She is more sensitive than her husband about the neighbor's opinion and attends to all the necessary elements for ameliorating her social position. Regarding women alone, they are not less active. They travel, join women's political or civic organizations, involve themselves in shows and exhibitions. They occupy a significant position in American society. It is, without doubt, a matter of a slightly schematic description. It exposes, nevertheless, a situation that shows a part of the progress realized in the liberation

of women but which translates, on the other hand, to the alienation of man in a civilization of consumers.¹⁵

While women stood to gain independence and agency, however materialistically, in a mass consumer culture, men would be deprived access to the new means of expressing individual power and agency, consumption, as they remained confined to their desks, work benches or farms working for the weekly paycheck. Many scholars have taken issue with the truism that women have gained choice and agency in modern, liberal, consumer societies,¹⁶ but for contemporary observers, the transformation of gender roles represented yet another way in which modernization, fueled, many would argue, by American intervention, symbolized the upset of traditional arrangements. Not only did the US limit political choices at the highest levels and press Europeans to join American dominated diplomatic arrangements such as NATO, an act that highlighted European weakness in the international arena, but for men displaced by a consumer driven market the new superpower across the Atlantic could also be blamed for driving an economy that emasculated all men by empowering women as the consumers who participated in an impersonal market that was, incidentally, also seen as dominated by the US

¹⁵ Alphandéry, 59-61.

¹⁶ As alluded to earlier in this chapter, Lizabeth Cohen argues that the consumer society that arose in postwar US actually limited women's economic role within the family especially since the tax structure, among other things, discouraged women from going out to work leaving them entirely dependent on their husband's salaries. This left women at a distinct disadvantage when it came to obtaining credit independently. Contrary to Alphandéry's assertions, Cohen's research of American consumer studies from the 1950s actually finds that in reality men gained more control over family expenditures during this time and that few wives did grocery shopping on their own but were accompanied by their husbands. While she is willing to concede that some women did shop for groceries alone, she finds that men not only determined the household budget and the degree to which women could spend but that men's decisions prevailed especially in decisions over expensive items. See Cohen, *A Consumer's Republic*, 146-151. As suggested in preceding references, scholars like Elaine Tyler May and Cynthia Lee Henthorn have also asserted that during the Cold War period in particular, the peculiar combination of the American political economy and the obsession with protection against communist incursion served to limit women's roles despite the power those who opposed modernization in Europe would attribute to them.

superpower.¹⁷ Though their perception of the role American women played in the US economy was certainly a distortion of the reality, it served the function of tarnishing the image of the ECA sponsored attempts to affect change and inspired a heated exchange between representatives of older trades and European women's groups who hoped modernization could improve the situation of European women in the postwar period.

ECA was certainly not as cynical as such critics nor do records show that it was even aware of this type of bitter reaction. Yet, it too acknowledged the potential power of women in a mass market. Despite the existence of an often hostile European perception of the role of women in the American system,¹⁸ US officials continued to base policy on the understanding that women could drive a consumer market and encouraged ECA to play up this theme as part of its effort to cultivate female approval for its project of securing a mass consumer market in Europe. ECA failed to grasp the consequences of such tactics that risked exacerbating the ill-will supporters of the older market order already felt regarding the new role for females in the US vision of the European economy and pushed forward, prompting its information officers to encourage European women in their capacity as consumer in a new market.

¹⁷ Frank Costigliola is one of the few scholars who has attempted to study the dynamic of gender in diplomatic relations. His work has examined the gendering of nations as male or female in diplomatic discourse as a symbol of their relative power or weakness. See, for example, his articles "The Nuclear Family: Tropes of Gender and Pathology in the Western Alliance," *Diplomatic History* 21 (April 1997): 163-183 and " 'Unceasing Pressure for Penetration': Gender, Pathology and Emotion in George Kennan's Formation of the Cold War," *Journal of American History*, 83 (March 1997): 1309-1339. This work discusses the gendering of nations and the role such notions had on policymakers' views and not the role gender or gender roles played in securing or diminishing the potential success of US policies abroad.

¹⁸ Like the European views on modernization and productivity, this view that the modern American woman and American gender relations produced from this US industrialism somehow posed a threat to the stability of European social orders also had its roots in the 1920s. However, in the 1920s, Europeans feared not merely the control the woman as consumer had over the traditional household, but they feared the challenge the 'new woman' of the 1920s posed. Europeans envisioned her as liberated and socially loose. See, for example, Nolan, *Visions of Modernity*, 120-130.

Policy planners in Washington maintained that “Western European women represent a force for productivity that is great in its potential.” In part, this was because these women had “such extremely low ‘expectations’” and thus, ECA reasoned, they “could be mobilized effectively to press for the economy of plenty which is implicit in our concept of productivity.” In appealing to European women as consumers, ECA operated under the assumption that “the ambition to better themselves and their families is perhaps all the stronger in Western European women for having been so tightly contained for so long.” This logic, plus the focus US officials had placed on women as consumers at home in the US, lay behind ECA recommendations that information materials and exhibits be designed to appeal to women in particular¹⁹ in order to answer the question purportedly asked by, among others, German housewives: “What does the Marshall Plan do for *me*?”²⁰

According to the response of many European women, the answer was quite a bit. Lis Groes of the Danish Women’s Consumer Council celebrated her findings that self-service stores provided housewives with cheaper goods, more interesting packaging and better service.²¹ Indeed, Ms. Groes had been a member of a Danish Technical Assistance team that had traveled to the US to study modern food and merchandising methods, including self-service stores. ECA gladly reported that Groes and “her organization have closely followed these developments in the Danish food distribution field very closely

¹⁹ Undated Memorandum on the Productivity Program. The ECA ultimately contributed to sponsoring exhibits such as “Family, Woman, Economy” that took place in Muenster in 1955 and was visited by 30,000 people, referred to in records of Entry 1202, Box 1, Mission to Germany Audio Visual Aids Section, Activity Reports, RG 469, NARA.

²⁰ From *Marshall Plan News* vol. 1, no. 5, Papers of Paul Hoffman, Economic Cooperation Administration Files, Box 24, HSTL.

²¹ Translation of Max Lindskov, “About Self-Service Stores,” *Børsen*, June 30, 1952.

and have continually upheld consumers' interest in all phases of these developments.”²²

This held true of other female representatives of European consumer groups as well.

ECA offices in Germany and Denmark that focused on promoting the self-service concept also operated under the assumption that their programs to reach the female consumer were successful due to reports made by Dr. Elsa Gasser, Economic Advisor to the Federation of Migros Cooperatives in Switzerland. According to Gasser, “Europe’s Mrs. Consumer [took] to self-service” just as her American sisters had. “If someone tells you that the American Woman is entirely different from her European sister,” Gasser instructed an audience at a Boston conference on distribution, “please, don’t believe it. And, believe it least, when it refers to Mrs. Consumer.” According to her, “it all started with Eve, . . . the first Mrs. Consumer, who wondered so much what the taste of that fascinating apple might be – and who finally paid much too high a price for it.” Women around the world, Gasser assured, had inherited this innate curiosity and propensity to consume, traits “that [made] up the common, eternal heritage of women the world over,” from Eve, the original Mrs. Consumer, and were driven by “the experience of paying too much for the things we most desire.”

Gasser, a trained economist, insisted that “all of us, without exception, would like to buy good and beautiful things as cheaply as possible. All of us would like, on our available income, to give warmth and cosiness to our homes” and were governed by “desires as defendants of the family table.” Though at first blush self-service might appear “a trivial commercial achievement” in the face of the “tremendous inventions of

²² Letter from P.K. Daniells, Technical Assistance Specialist, to Arnold Rivkin of Productivity and Technical Assistance Division, Mutual Security Agency, June 10, 1953, Entry 1409, Box 22, RG 469, NARA.

our industrial age,” its development in Europe, she suggested, allowed “an age-old, rock-like tradition [to be] overthrown” and finally enabled “the housewives to burst through the barrier of the shop counter. Now they wander happily among gigantic piles of goods, help themselves quite as a matter of course, and give the lie to all those who used to declare that the spoilt shopper just could not live without the many additional services of the 20th century retailer.” All in all, Gasser deemed this “a great experience” and proclaimed that any barriers to self-service came, not from the women, but “because men in leading positions see women as they want to see her not as she is” in order to preserve their own selfish interests.

What the women truly desired, her remarks implied, was the more democratic shopping the open plan the self-service store, and ECA, offered them rather than the unwanted, superfluous encounter with the paternalistic shopkeeper who directed women what to purchase, bartered with her to set prices and ultimately created “an intentional estrangement between the buyer and the goods.” With all “the comparing, bargaining [and] the deal, . . . shopping was really hard work.” But, “little by little, the modern retail trade . . . relieved the customer of the chore.” Though Gasser herself felt that self-service did not permit the housewife to “save as much time as she thinks” it allowed her to “spend it far less boringly than when she had to stand passively waiting to be served.” Gasser observed that, despite the fact that this system might spoil her, it was what the new Mrs. Consumer really wanted for “the housewife’s battle cry [that] rang throughout the world [was]: ‘We want less service and more merchandise!’” Implicit in her remarks was the suggestion that the European housewife also craved more independence, choice and freedom in her role as a shopper. The “answer in America was self-service,” Gasser

observed, and “it [should] be the same in Europe.” For Gasser, “Europe’s Mrs. Consumer has . . . already given a fairly clear answer [in the affirmative] to the question of self-service” despite the fact that “it is still prophesied that the French, Italian and Spanish housewife will never accept self-service, any more than the Austrian or the Turk. A thousand and one reasons have been given,” from the resilience of traditional buying habits to “the lack of refrigerators and automobiles.” None of these explanations for the potential failure of self-service were any good in Gasser’s opinion, and “all these peculiarities will not hold up progress” but would eventually conform to the requirements of the new style of shopping that European women increasingly demanded.

In her summary of this presentation in support of self-service, the new deliverance of European womanhood, Gasser sounded the clarion call.

Women everywhere will in time demand pleasant stores, a warm, stimulating atmosphere and an abundance of really fresh merchandise – but it is just as certain that they will demand self-service along with reasonable prices. And both they will get! A paradise on earth – that we shall not see again. However, all over the world countless small ‘paradises’ will arise where the daughters of Eve will stroll about and pick up all those wonderful things of the earth – at not too high a price.²³

While Lis Groes and Elsa Gasser both had their own political agendas and organizational reasons to endorse the concept of self-service, their marshalling of rhetoric in support of women’s issues reflected the existence of some significant interest in the liberating properties of self-service among European women. Not only did they appreciate the concrete benefits to female consumers in the form of convenience and better pricing, but these representatives of European women’s groups also suspected that the tactics of men like Lindskov, who insinuated that women actually preferred and

²³ Text of speech, “Europe’s Mrs. Consumer Takes to Self-Service,” by Dr. Elsa F. Gasser, Address before the 26th annual Boston Conference on Distribution, 1954, Entry 1048, Box 9, RG 469, NARA.

benefited more from older commercial arrangements, had nothing to do with women's best interests but were mobilized to further their own cause at the expense of women's interests. Reactions from Groes and Gasser indicate that many women welcomed the changes proposed by US officials and, though its work might alienate the merchant group its programs sought to replace, ECA embraced these public endorsements of European women.

ECA also reported that evidence indicated that a broader base of women beyond those employed by consumer groups supported the result of its work in Europe. ECA celebrated the fact that in Germany, for example, "eighteen 'ambassadors' of the Marshall Plan, none of whom were on the payroll of the ECA" had "formed a voluntary speakers' bureau with the aim of keeping German women informed about the European Recovery Program." These women were "leaders of professional groups, members of church and civic groups [but also] plain ordinary housewives." ECA regularly supplied "reports and publications issued by the ECA" to this group "designed to keep them fully abreast of the progress of European recovery." This spontaneous organization of female representatives conveniently served as an additional outlet for ECA's campaign to sustain the transformation of European retailing and an effective propaganda tool for the US.²⁴

Aside from promoting its logistical aim to increase consumption and thereby productivity, winning female support for the modernizing techniques in retailing and other aspects of the productivity program also served the overarching US strategy of defeating global communism. As Emily Rosenberg has suggested, American diplomats, missionaries and international business entrepreneurs had long considered the status and

²⁴ From *Marshall Plan News* vol. 1, no. 5.

rights of women in any society to be one gauge of its progress toward the American held ideal of a liberal, democratic society. As these progressive liberal internationalist thinkers also saw 'Americanization' or 'modernization' as a means to improving the plight of international womanhood, proof that European women embraced modern retail practices and claimed they improved their lives could symbolize the general uplift of non-communist European society.²⁵

In US Cold War rhetoric, a progressive political economy allowed the modern woman, who was now defined as the prodigious consumer, to select her own wares at her own leisure and enjoy them in a modern economy of plenty. As such, ECA's efforts to bring these choices and amenities to European women could implicitly be portrayed as a selfless act and another aspect of the overall advancement of European societies under the ERP rather than a self-interested means to the end of achieving an efficient European economy that would support US political and economic aims. Furthermore, by portraying the American system as one that ameliorated women's lives by freeing them from outmoded tasks and unnecessary burdens, ECA could emphasize the elevated status of women in the US and, by extension, the humanitarian aspects of the American political economy. This strategy could play well against European grumblings that US officials were only interested in self-serving imperialist intervention and counter Soviet accusations that capitalism perpetuated broad based social inequalities.

As mentioned, the US was perpetually concerned about its overseas image concerning the American record on social relations and social welfare and the role the US capitalist system played in it. It was thus imperative that the status of women in the US,

²⁵ Emily S. Rosenberg, "Consuming Women: Images of Americanization in the 'American Century,'" *Diplomatic History* 23 (Summer 1999), 479-481.

as the group whose equal treatment could symbolize a humane and progressive society, be perceived favorably abroad. Unfortunately, ECA-Copenhagen ran into trouble on this point in Denmark. Danish perception of American social issues was already a sore point in ECA circles as Danes sent to the US on ECA tours consistently reported that “with regard to social legislation America is several years behind Denmark.”²⁶ Furthermore, even the Danes employed by ECA were inclined to publicly recognize that “many countries might learn from the Danish principles of education and social progress” since “the Danish worker is among the most democratic,”²⁷ and, as in France, ECA noted that Danes derided Americans for their poor record on race relations.²⁸ However, of particular concern to ECA was the persistent disparaging Danish reaction to the role of women in the US and officials hoped that if they could show the Danish public that the US system provided for the social-welfare of women through self-service or otherwise, then ECA might be able to counter this view.

ECA seemed particularly concerned about the views expressed in the Danish press by a female textile worker from Aarhus who had traveled through North Carolina mills with an ECA delegation. According to Karen Sørensen, conditions in which female

²⁶ From article “The American Delegation has Increased Understanding of Denmark’s Problems - Eiler Jensen on Trade Union Leaders’ Impression of American Production Methods,” in *Social-Demokraten*, October 12, 1949, Entry 1051, Box 2, RG 469, NARA. See also *America is Different: Danish Trade Union Delegation Reports on Visit to US*, a translation of booklet published by Danish publisher Fremad, Entry 1052, Box 3, RG 469, NARA.

²⁷ Translation of interview with Godfredsen that appeared in *BT*, a Copenhagen tabloid, on December 19, 1950 entitled “Denmark Has Much to Give the World,” contained in Memo to Harry Martin, Director of Labor Information Office from Svend A. Godfredsen, Labor Officer, ECA Mission, December 27, 1950, Entry 1052, Box 3, RG 469, NARA.

²⁸ See, for example, “Study Tour in the US: A few impressions from American industrial concerns and Trade Union Organizations,” from *Skotøjsarbejderen*, December 1949, Entry 1051, Box 2, RG 469 and translation of “The White and Colored People in America,” *Social-Demokraten*, September 3, 1951, Entry 1048, Box 9, RG 469, NARA. The American ambassador to Denmark also addressed this issue in her speaking tours to assure Danes of the progress being made in race-relations. See text of her lecture “The Trade Union Movement” that was distributed to the Danish labor movement and to the Social Democratic party, Entry 1048, Box 9, RG 469, NARA.

weavers worked “were simply shocking” and she found “the most striking thing [to be] the complete lack of consideration for women with children.” Furthermore, she remarked that “the average wages for women are 45-65 dollars” a week while “men [earned] about 100 dollars.” “The men,” she observed, “see to it that they get the best-paid jobs. They will not tolerate, for instance, that a woman is a cutter. A woman could easily do it, but the trade unions will not permit it and the woman cannot get ahead.” In order to make sense of this situation, Karen Sørensen inquired at the Female Labor Bureau in Washington as to “how this harmonized with what we had heard about the free American woman.”

The response, Sørensen claimed, was unsatisfactory. “They smiled,” she wrote, “and said – American men are very polite and kind towards women. There isn’t a thing they would not make for feminine ornament or to make domestic life easier. But when it comes to wages, the men want to keep the best-paid jobs for themselves.” Though this might have been construed as selfish and sexist, Sørensen reported that these officials insisted that men “only want to make so much money in order to make life comfortable for their women. Life cannot be too comfortable or good for them.” Washington’s basic defense was that “American women have a wonderful life but they do not have much independence in the working places.” Horrified, Sørensen told them that she would “not call that emancipation” and concluded that though women “[had] a comfortable life over there . . . I do not want to change, neither as woman nor as worker in spite of all the difficulties we may have in [Denmark] in both capacities.”²⁹

²⁹ Translation of “Female Workers in USA Earn Money but Their Children Have Been Forgotten,” in *Frit Folk*, April 28, 1951, Entry 1048, Box 9, RG 469, NARA.

Given that a US insistence that American workers enjoyed a fair workplace and great equality in American society would hold little appeal for Danish workers who felt their situation at home in Denmark was superior, ECA was hard pressed to find a positive angle for its Danish information program especially when it came to the female condition in the US. Though Danes did seem to respond to some degree to an emphasis on the high standard of living they might draw from following an American productivity program, many of ECA's information products destined for Denmark attempted to grapple with the issue the Danes found particularly troubling in the US, the status of women in American society. Shortly after Karen Sørensen's article appeared, ECA arranged for the Danish textile union to publish a favorable exposé on women in the American textile industry in its monthly newsletter, *Stof og Saks* (Material and Scissors).³⁰ ECA also arranged for frequent appearances of the American Ambassador to Denmark, a woman by the name of Eugenie Anderson who was, in fact, the first female US ambassador, to put the face of an accomplished American woman before the Danish public. These projects functioned alongside the promotion of self-service and the empowerment of women as consumers in an attempt to demonstrate that the modern American woman did indeed, despite Danish impressions otherwise and at potential risk of perpetuating negative connotations often associated with the morally corrupt 'modern American woman,' coincide with the image of an independent, strong-minded personality who could affect positive change through her social, economic and material equality in American society.

As the USSR insisted communism guaranteed women better social and political equality, US information programs generated a few stories describing women's access to

³⁰ "Kvinderne I Amerika," *Stof og Saks*, April 1951, Entry 1048, Box 9, RG 469, NARA.

democracy in the West. However, because ECA's focus on creating the conditions for a mass market and a growth economy depended on achieving effective consumerism, much of its work depended on fostering a positive image of a consumer driven Western Europe and American economy of abundance through which women could supposedly improve their lives and achieve equality. Images of the economic equality an open market offered its female consumers and demonstrations of the advances capitalist economies had made in domestic products that served women's interests and eased her daily tasks thus became typical signifiers of Western superiority in anti-Soviet rhetoric during the Cold War.³¹ Of course, in employing this strategy, the US gendered domestic work as female and subsequently undermined the value of this propaganda in proving that the democratic-capitalist economy served women's political or economic equality. Instead, as Sørensen sensed, in the long run, this Western Cold War rhetoric ultimately idealized domesticity and femininity as the mark of a humane, democratic society instead of advancing formal guarantees of political or economic equality to women.

Regardless, women like Lis Groes and Elsa Gasser instinctively seized upon the symbolic power of market modernization to advance women's immediate interests without concerning themselves too much with the long-term implications that changing consumerist habits or focusing on women's role as consumers would have for women's

³¹ The most famous example of this is the so-called 'Kitchen Debate' exchange between Nixon and Khrushchev in 1959 at the American National Exhibition in Moscow where competition between the USSR and the US using women as the litmus test for the advantages of their systems became crystallized and highly publicized. Much has been made of this encounter and the other visual exhibitions that aimed at displaying American superiority in consumer goods in the late 1950s and 1960s, but few scholars have addressed the ECA's role in the development of this strategy and the actual implementation of the US sponsored program in Europe to duplicate it in European nations. For treatments of official US propaganda efforts that emphasized consumer goods see Robert H. Haddow, *Pavilions of Plenty: Exhibiting American Culture Abroad in the 1950s*, (Washington, DC: Smithsonian Institution Press, 1997) and Walter Hixson, *Parting the Curtain: Propaganda, Culture and the Cold War, 1945-1961*, (New York: St. Martin's Press, 1997).

rights in European society. For them, reforming the manner in which goods were exchanged and supporting ECA recommendations represented the potential for progress in that it moved away from a society governed by more paternalistic social and economic relations. Gasser, in particular, felt that the portrayal of women as dupes in the new market was merely a trope utilized by the vestiges of the older order, represented by men like Max Lindskov, who came from trades threatened by the implementation of the new distribution and production methods, rather than a true expression of concern for the fate of the European woman. Indeed, Lindskov and others responded vehemently to ECA and these women in fear that the empowered consumer in this newly conceptualized market would threaten their position in the political economy.³² The fact that new consumption habits were so strongly gendered as female only served to exacerbate the trepidations and add insult to injury for this already downtrodden group of men whose familiar social, political and economic role appeared to be waning.³³ In Lindskov's case, it surely did not help that the American ambassador to Denmark at this time embodied the type he feared most, an outspoken, politically powerful, liberated woman who represented the original mass market itself, the United States.

Despite the possible positive or negative public relations aspects this gendered vision of consumption could engender, ECA's immediate goal of expanding consumption

³² Recall that Monsieur Gingembre reacted quite strongly to ECA-Paris due to their attempts to encourage reform of French business. Though evidence does not indicate he felt threatened by the upheaval ECA incited reforms might cause in gender relations, his reactions quite obviously came from a feeling that his station in life might be challenged by ECA's market reforms.

³³ Emily Rosenberg also refers to this European tendency to unkindly equate American women with mass consumer society and also points to the fact that the tendency of Europeans to associate modernization with the US was driven by anxieties and class or generational divisions inherent in their own societies, "Images of Americanization," 492-494. Richard Kuisel, Richard Pells and Rob Kroes have also made the argument that European social anxieties, rather than American realities, drove and defined European reactions to the US.

seemed to be succeeding. People, presumably many of them women, were certainly shopping in the revamped retail outlets. ECA was pleased to relay the news that their marketing of marketing did indeed seem to be paying off as representatives from the Grosseinkaufs-Gesellschaft Deutscher Konsumgenossenschaften (Association of German Supermarket Consumer Cooperatives) announced that “after an old store has been modernized, the sales are doubled or tripled” and “their prices to the consumer in the lines that they handle, are generally lower.” Furthermore, these stores reportedly had “a further impact because they claim that where they start a new consumer store, the competitors in that area drop their prices from 5 to 8%, so that they have an even wider effect on the consumer market than their own particular organization.”³⁴ Dr. Gasser reported that in little Switzerland alone, sales volume had increased three hundred percent since the end of the war and across Europe circa 5,500 self-service stores had been established by 1954.³⁵ Though the rise in consumption should certainly have been expected given the general trend toward improved economic conditions and the release of pent up demand after war time and initial postwar rationing, perhaps sales also increased due to the centrality retailing was given in ECA projects, the publicity it received in the press and the rise in the more convenient shopping through the self-service store.

This consumptive diligence of the European consumers at the local level supported ECA’s goals and seemed to indicate that its information programs reaching out to local consumers had been effective. However, ECA was not satisfied as its position

³⁴ Memorandum from H.C. Zulauf to C.R. Mahder, February 6, 1953, Entry 1048, Box 9, RG 469, NARA.

³⁵ Text of speech, “Europe’s Mrs. Consumer Takes to Self-Service,” by Dr. Elsa F. Gasser, Address before the 26th annual Boston Conference on Distribution, 1954. Victoria de Grazia cites the following figures from Wolfgang Disch, *Der Gross- und Einzelhandel in der Bundesrepublik*: In Europe: 1,200 self-service stores by 1950, 45,500 in 1960. In Germany: 39 in 1951, 203 in 1955, 17,132 by 1960. See de Grazia, “Changing Consumption Regimes in Europe,” in Susan Strasser, Charles McGovern, & Matthias Judd, eds., *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, 79.

was that no true mass market for increased production could be achieved without also stepping up European integration and eliminating barriers to intra-European trade, a policy that had political as well as economic ramifications for US policy toward Western Europe. Not only was training European women to shop more productively and with greater zeal essential to supporting mass production and mass consumption, but so was achieving “a single Europe-wide market, from which tariffs and other trade impediments have been entirely or largely removed.”³⁶ Europeans who supported US policy agreed and one Danish industrialist stressed that the “important factors [to the success of productivity] are the size of the market and the question of mentality.” As Mr. Carstens saw it, the problem in Europe was the existence of “smaller markets, more emphasis on bargaining, and more past internal protectionism and restrictions. The US can help by advice and the contribution of ideas,” as it had when it came to retailing and promoting consumption at the individual level. However, Carstens felt that “the US can help also by encouraging changes in basic conditions, such as trade liberalization, the development of bigger markets which will force manufacturers to be more productive and to compete.”³⁷ ECA agreed and as part of its project to liberalize intra-European trade and create the European mass market instructed its local missions that their information programs must also “demonstrate advantages of economic European integration to producer and consumer in the form of higher standard of living and more stable employment.”³⁸

³⁶ “Policy Guide Lines: Productivity Information Program.”

³⁷ Interview with Mr. Carstens, Former Chairman of Machine Committee in OEEC, December 1, 1952, Oral History Interviews on the Marshall Plan, Papers of Harry B. Price, HSTL.

³⁸ From USIS Country Plan –Denmark, June 30, 1953, Office of Information, Office of the Director, Subject Files, Box 30, RG 469, NARA.

Perhaps the most ambitious and sensational public relations project aimed at supporting the project of European integration was ECA's Train of Europe. This concrete information effort was literally a string of railroad cars that was to steam across Western European borders to spread the message of European cooperation, symbolize the ease of crossing borders and celebrate the virtues of liberalizing trade to create an integrated mass market. Though the accompanying literature claimed the Train of Europe was the brainchild of the central ECA-Paris office, this exhibit on wheels paralleled the Freedom Train project of the Advertising Council, a domestic effort to promote civic education by sending a locomotive across the US hauling copies of the Constitution and the Declaration of Independence and other specially outfitted exhibit cars behind it. While the Freedom Train was to bolster American patriotism and sense of unity, the Train of Europe was, in a sense, also an attempt to create some sense of oneness or European-ness in countries such as Denmark, which had a long and stubborn history of excluding itself from pan-European political and economic arrangements, and Germany, which the US hoped would become central in a united Europe.

To promote education and the popular support of the general public for the Europe movement, the train's cars focused on such topics as "What is Cooperation?" "Our Resources," "Ways to European Cooperation," "That Which Binds Us" and "Expanded Industry." In the interest of spicing up these fairly dry topics, the train also featured a "Europe Telephone" car with booths of phones that not only promoted the telephone itself as communication technology that "symbolized cooperation" and stressed that "the easier we can get in touch with one another, the greater the chance for a mutual understanding of the common goals we are all working for," but also provided

entertainment value by serving as an interactive outlet for exhibit attendees. The “Europe Telephone” allowed members of the public to press buttons corresponding to posters of famous politicians, businessmen and union leaders and listen to their answers to questions pertaining to the value of European cooperation.

Attempts to draw people in through visual entertainment did not end with the telephone exchange. A movie car showed films to “help people in vastly different countries to understand their neighbors’ lives, work and goals” in the hopes that “through films, nations [would] inspire one another.” Another car hosted a marionette theater to dramatize the fact that “in the world we live in, we cannot make it without cooperation” and that “it is only when the free people in all the free countries stand together in their efforts to build their common strength that we can have hope of achieving the security and lasting peace that our entire well-being depends on.”³⁹ The ECA hoped that with all these bells and whistles it could draw large European audiences to visit the train as it made its tour of the Marshall countries.

It seems that this ECA project was indeed relatively successful and indeed a crowd pleaser. The Train of Europe enjoyed a good amount of coverage on its tour of Germany⁴⁰ and accounts from places it visited were highly favorable. The Office of the United States High Commissioner for Germany in Bavaria reported that the “most outstanding feature” of the month of May was “the appearance of the Europa Zug in

³⁹ Preceding quotes from *Europa Toget* pamphlet designed to accompany the Train of Europe exhibit, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications 1948-1953, Box 2, RG 469, NARA. ECA also produced and distributed Train of Europe stickers, lapel pins and posters. See report of print materials from ECA Information Offices, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications 1948-1953, Box 2, RG 469, NARA.

⁴⁰ According to ECA documents, the Train of Europe was to visit Northern Europe first and then proceed south for the fall of 1951. However, I found no specific indications of its travels in Britain, France or elsewhere despite the fact that its visit was extremely well documented in records of the ECA missions to Denmark and Germany.

Schweinfurt.” Despite the fact that “the general impression regarding the train and its message could not be classified as overly enthusiastic,” US officials found that “the mere fact that 32,730 people saw the train during the three-day stay . . . [was] sufficient evidence that this was more than an ordinary exhibition.”⁴¹ By August of 1951, the Train of Europe had welcomed its one-millionth visitor.⁴²

The High Commissioner of Germany also remarked that the Train of Europe was a particular hit with children. It is not hard to imagine that the films, interactive telephone exhibit and the puppet theater housed in the Train of Europe were especially appealing to younger Europeans and made a visit to the exhibit worthy of a family outing. This was no unintended consequence. ECA shamelessly catered to the future generations of Europeans who would grow up to, hopefully, interact with one another in a unified European system. Aside from the Train of Europe exhibit, many of the other information products created for general audiences to break down the technicalities of customs duties and cooperative defense agreements likely held little appeal for kids. However, ECA designed special materials and other events aimed directly at the younger generations to educate them about other European societies and the relevance of European trade to their lives.⁴³

A particularly good example of this was *Bogen om børn* (The Book About Children), an ECA publication targeted at the youngest members of Danish society who

⁴¹ Letter from Arthur Tienken to John D. Brooks, June 1, 1951, Entry 303, Box 1, RG 469, NARA.

⁴² Letter from Frank Norall, ECA Information Officer, to Robert R. Mullen, Director of Information-ECA, August 10, 1951, Entry 303, Box 1, RG 469, NARA.

⁴³ In addition to *Bogen om Børn*, ECA also published children’s magazine, *Falken*, that focused on providing information about other cultures and the United Nations. It also encouraged chain letters and other interactions between children of different nations. This was part of an international project to support the UN. See *Falken*, Entry Mission to Denmark, Information Division, Visual Information Office, Publications, Box 2, NARA.

would become the future beneficiaries of the open market. This booklet, which the ECA distributed at a Commercial Fair in Copenhagen in 1951 and again at a children's art competition later the same year,⁴⁴ sought to introduce Danish children to some of their European neighbors in the interest of encouraging a friendly, tight-knit community of the future. This ECA effort not only promoted acceptance of diversity in anticipation of the possible obstacles multiculturalism could pose for European cooperation, but also introduced some key political issues such as the existence of customs that hindered the free flow of goods in Europe and celebrated the vast array of products which were available in other European countries but difficult to import into Denmark due to trade restrictions.

Bogen om børn introduced a number of children from the various nations of the OEEC portraying them as different in their linguistic ability and dress but similar in one way, they all craved a product available in a European nation other than their own. The publication introduced its cast with the observation that “(s)ome are redheaded, some have black hair, and blue eyes, some even have light hair and brown eyes. Some are fat, others are thin, some are big and others are small. But, all of them like to draw and, by the way, you will also discover that they like the same things you do. They like pets, they like to play, sing and dance.” The American government, having experienced how different appearances and traditions could divide people, attempted to cultivate toleration among young Danes in the hopes that they would not be discouraged by differences, but instead intrigued into possibly cooperating with these other children one day in order gain access to the goods that others produced.

⁴⁴ Report of print materials from ECA Information Offices, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications 1948-953, Box 2, RG 469.

According to the ECA, the desire to trade these goods was strong. *Bogen om Børn* ended with an encounter with Ole from Denmark, pictured playing with one of the successes of Danish agriculture, the pig. According to this book, Ole “would like to have, just as all Danish children would, the things the fathers of his foreign friends make or grow, for example, clothes, oranges and rice.” In an attempt to increase Danish knowledge about the Marshall Plan, other European cultures and European cooperation, this booklet encouraged the children to ask their parents questions about all of these issues and about the various European cultures described. Conveniently, this allowed ECA to slip in a little note to the adults that implored parents to inform themselves as much as possible about such issues in order to prepare themselves for the many questions the curious children would be bound to ask.

ECA petitioned the parents by reminding them that:

Children are the citizens of the future and from the time they are five until they are eighty, problems, big and small, of importance to the individual or to the society as a whole will require solutions, real solutions. After your children have looked at this booklet, they will ask you a lot of questions because this publication addresses a problem that is of utmost importance to your children's future, the problem of how to share the world's goods in the best possible way. There are brochures which handle these issues. Please write to the ECA.

By appealing to the desire of parents to answer their children's questions intelligently and to provide the best possible future for their children, the ECA hoped to get their message out to both young and old alike and to cultivate a pro-integration atmosphere in previously independent minded Denmark. This would hopefully encourage the Danes to

work toward realizing the American government's wish to consolidate Europe into a single, strong market that would reinforce every member nation's strength.⁴⁵

Adults could find a number of resources to enhance their knowledge regarding trade liberalization and the cause of integration. Among the many pamphlets distributed by the ECA's Danish mission, about half were dedicated to this topic. In order to increase productivity, ECA's story line in *Europæisk økonomisk samarbejde* (European Economic Cooperation) affirmed that "a nation must sell its products to other countries for its population to achieve a good standard of living." The real hindrance stemmed from the fact that "people have created barriers that artificially limit the exchange of goods and payments" between the European nations. "This," ECA pointed out, in an effort to draw an albeit simplistic real life parallel, "would be just as if the shopkeeper and his customers in neighboring buildings were separated from each other by barbed wire across the street and further divided because the customers used different currencies."⁴⁶

In a fairly uncharacteristic move, ECA predicted dire consequences of not taking appropriate steps to combat this market segmentation. Though ECA generally shied away from using overt threats of communist takeover should Europeans not comply with US instructions, in this case, ECA suggested that if Europe failed to create "a unified Western European economy," the Western nations "would be 'united' in the same way the Kremlin did Eastern Europe."⁴⁷ *Vejen til frihed* (The Road to Freedom) also

⁴⁵ All preceding quotes and information are from *Bogen om børn*, Mission to Denmark, Information Division, Visual Information Office, Publications 1948 - 1953, Box 2, RG 469.

⁴⁶ *Europæisk økonomisk samarbejde*, Entry: Mission to Denmark, Information Division, Visual Information Office, Publications, 1948-1953, Box 1, RG 469, NARA.

⁴⁷ Ibid.

emphasized this point by comparing the headway made in Western Europe toward freer borders to the situation “in the police states . . . where they erect barriers not only on the roads but also against people’s personal movement and freedom of thought.” Should Western Europeans not create the conditions for the freer movement of goods, they would threaten the success of economic recovery and put itself at risk of communist takeover that would “impinge on our desire to move freely in peace and tolerance.” This, the ECA pamphlet implied, would defeat the whole purpose of “why the countries of free Europe have emphasized their wish to live in peace on all sides and with all nations” as they “have discovered that security and freedom are preserved by standing together.”⁴⁸

Though ECA felt it could speak with authority on establishing an internal mass market and the benefits to be reaped from it, the focus on promoting free intra-European trade and a large European mass market again led the US into potential hot water on the public relations front. In response to the repeated US calls for Europeans to liberalize their trade, the Danes, already rankled by US pressure on them to relinquish their neutral status and many of their possible trade relationships in the communist bloc, acerbically pointed out the hypocrisy of the US position. As early as 1950, moderate Danish newspapers argued that

the aim of the Marshall Aid recovery program – that the European countries from the point of view of economy will be self-supporting – has by no means been reached. If this has to be achieved, not only continued American aid is required, it is also necessary that USA contributes to this end through an alteration of its commercial policy. In the long run, trade with America cannot build on philanthropy. If a desirable liberation of world trade has to come through, then the dollar problem must be solved, and until America

⁴⁸ *Vejen til frihed*, Entry: Mission to Denmark, Information Division, Visual Aid Information Office, Publications, 1948-1953, Box 2, NARA.

increases her imports from Europe that can hardly be done.⁴⁹

Of particular concern to Denmark was the fact that “the principal Danish exports are refined animal agricultural products, produced on the basis of imported grain and feedingstuffs which are mainly purchased against hard currency.” Increasing Danish exports to Western Europe would thus impose an increased hard currency burden on the Danish economy even if sales were being made on the international market. This was particularly true, Danish opinion makers noted, because “in practically all importing countries of any importance the goods in question seem to be the last goods for which liberation of imports is contemplated.”⁵⁰ The US, whose agricultural lobby was particularly successful in maintaining protectionist barriers against the importation of foreign agricultural products, was of special concern to Danish experts and writers.

These complaints persisted. In December 1952, *Børsen* reported that “the [Danish] government gives credit to the dollar grants but at the same time points out the partial failure of the aid plan.” This summary of the government’s final report to the US on the success of Marshall Aid to the Danes, suggested that “a bow and a scrape is not Denmark’s official thank you for the Marshall Aid.” This position was due to the fact that, though the Danes were grateful for the dollar grants, there was a clear “regret of the partial failure of the whole Marshall Aid program owing to the obstinacy of the American import restrictions.” Contained in the report destined for Washington were illustrations

⁴⁹ Translation of “Truman’s Warning” in *Social-Demokraten* January 6, 1950, Entry 1052, Box 3, RG 469, NARA.

⁵⁰ Letter from Eiler Jensen, President of the Danish Federation of Trade Unions to Mr. William Green and Mr. Philip Murray dated January 31, 1950, Entry 1048, Box 9, RG 469, NARA. For more details on the status of Danish industry and the predominance of its agricultural sector during the Marshall Plan years, see Sørensen, 86-91. She argues that trade liberalization was difficult in Denmark due to its weak industrial sector and a government dedicated to full employment and social welfare policies that deflationary pressures of liberalization would interfere with. See also Sørensen, chapter 5 that focuses on the economic details of trade liberalization and the implications of it for Denmark.

accompanied by a “tragic-comical vignette of the Danish butter cask and the Danish blue cheese which had looked forward to going to America but are still refused permission to enter.” The hope was that this would “appeal to the Americans’ sense of humor,” a tactic that Danes hoped would “be worth more than several dozens of official protests in Washington.”⁵¹

The Danes expressed a common concern among the European nations who struggled to regain a favorable balance of trade and address the severe dollar shortage that hampered them on the international economic scene. Many consistently argued that if the US would only release some of its import restrictions and lift the onerous tariffs, the economic position of Western Europe would improve drastically as the US wanted. Republicans in Congress felt otherwise and persisted in their support for protectionist measures. This posed a serious public relations problem for the ECA charged with promoting freer trade within Europe and pressing the notion that the US was firmly dedicated to liberalized trade and the peaceful implications of the free exchange of goods between nations. Unable to do anything to change Congressional politics at home in the US, the ECA could do nothing but resort to promotion of an idealized version of a better European future and hope that Europeans would buy into it by virtue of the promises it made.

As in Britain and France, German and Danish responses to ECA efforts tended to be governed mainly by domestic concerns and national issues of social, economic and political import. As ECA attempted to secure public support for an expanded mass

⁵¹ Translation of “Denmark’s Official Thank You for the M-Aid is Not a Bow and a Scrape,” in *Børsen* December 18th, 1952, Entry: Mission to Denmark Information Division Subject Files 1949-53, Box 1, RG 469, NARA.

market and increased distribution of goods, it often found itself caught on the horns of dilemmas that were not of its own making but resulted from pre-existing social allegiances and European prejudices governed by previous encounters with modernization or frustrations with the hypocrisy often inherent in poorly harmonized US domestic and international policies. ECA diligently kept records of the many European complaints and challenges to the US position, but was ill-prepared to deal with a potentially impossible situation. Regardless of how hard ECA tried to appeal to all elements in European societies, they were hard pressed to make everyone happy and inevitably offended some groups in the process of advocating a change that would be the handmaiden of the foreign policy of a more economically and diplomatically powerful United States. On the other hand, the ECA's mission and its efforts played into the hands of many European groups who, like the female consumers represented by Lis Groes or Dr. Gasser, saw the opportunity to push their own agenda by allying with ECA efforts and promoting the implementation of certain aspects of US diplomacy. Ultimately, ECA had little control over a style of diplomacy that, as it was intended, leaked into the public realm and invited a reaction that proved to be far more multi-varied than the US might have anticipated.

Conclusion

In describing present day European debate over the many challenges individual European nations now face to their sovereignty, David Ellwood has observed that

All these national debates share a tendency to condense a great many issues – some old, some new, some borrowed, some imposed – into one overriding, never-ending argument. But of all the uncertainties, none is deeper than that concerning the link between modernity and sovereignty, or modernization and self-preservation: that is, how to build and defend a distinctively Italian or French or German path to the future, one a people can recognize as its own, balancing the most attractive of the new and the best of the old. What distinguishes the French, the German, and the British varieties of this debate, and differentiates them from the others, is the importance of the role of America in their discussions; not American policy or personalities, of course, but a real or imagined United States, one that includes all the forms American power has taken on in these national scenes over the years.¹

There is no doubt that the Marshall Plan years were crucial in forging European perceptions of the US and in emphasizing American interference in Western Europe. Furthermore, it is undisputable that the US has had a significant impact on European affairs both official and unofficial and figures large in the European imagination. However, it is also true that the Europeans themselves played an important and active role in defining the concept of America and the role it played in European life and identity. The politics of local European loyalties, competitions, conflicts and interests all played an essential part in the understanding Europeans chose to embrace when it came to the ECA advice that would represent to them the American system and the impact they elected to view this US intervention as having on their native cultures.

Like anything else in political discourse, the symbolic role the US took on in European affairs and politics was pliable and could be mobilized to support or dispute a

¹ David W. Ellwood, "American Myth, American Model and the Quest for British Modernity," in R. Laurence Moore and Maurizio Vaudagna, eds. *The American Century in Europe*, 132.

variety of causes and positions. By associating itself so closely to everyday issues of modernization that were already hotly contested in the European public, ECA's public diplomacy program complicated its own mission before it even sent its first message, sponsored its first public appearance or published its first pamphlet. Public diplomacy, it quickly learned, was not as simple as barraging a foreign audience with a particular message, backing it up and hoping that its consumers embraced the message. Local issues and preconceived notions intervened to create a contentious forum in which Europeans challenged the message of the Marshall Plan and layered it with their own interests and interpretations of US policy and modern economic efficiency and growth.

Idealistic as the stated premises behind the Marshall Plan and Paul Hoffman's ECA might have been in the effort to secure a peaceful, strong, collective coexistence between the US and Western Europe united in a growth economy that provided plentifully for its citizens, the lesson learned by the practitioners of the ECA's public diplomacy was that not all Europeans enthusiastically embraced the American message. Though a myriad of international political reasons motivated the varied European response, underlying social and economic understandings of the ECA's message strongly influenced the local European encounter with US public diplomacy as well and quickly exposed the misconception that merely bearing a positive message to a foreign public would serve to secure their support.

As the United States faces another postwar situation in 2004, commentators have repeatedly compared Iraq's postwar reconstruction to that of George Marshall's proposal to revive postwar Europe and secure a political and economic stability in an unstable region. Indeed, recent editorials have echoed Marshall era language in calling for "a

commitment to building democratic institutions and economic prosperity” in postwar Iraq. “The true heart and genius of the Marshall Plan,” today’s observers have noted, “was that it gave the people of Europe hope, restored their pride and delivered on the promise of something better.”² However, the truth was then, as it is now, that the recipients of US aid, however democratically distributed, do not always view US proposals as capable of securing the promise of a better future for the American vision of that future may not mesh comfortably with that of everyone in the recipient nations. Regardless of the fact that many Europeans or Iraqis or whomever should be the subject of US assistance might appear grateful for US concern and generosity, the fact remains that whenever an outsider comes in to proffer advice, that interfering actor becomes a pole for local discourse and a target for criticism. Those who feel threatened by US proposals will do their best to malign American advice and raise local concerns of long standing to promote their position.

The United States government is not entirely unaware of this phenomenon. Public diplomacy, which for years has been discredited and deemed unworthy of funding, has again become advanced as the answer to soothing this international ill-will toward Americans and facilitating US policy faced with so much international resistance. A recent and well-publicized independent task force sponsored by the Council on Foreign Relations and charged with determining “a strategy for reinvigorating US public diplomacy” has again seized upon the hope that “many of the most controversial US actions might have generated less antagonism with better presentation.” If only the US explains itself completely, this task force noted, then perhaps the decades old “perception

² Andrew J. Goodpaster, “George Marshall’s World, And Ours,” *New York Times*, 11 December 2003, A43 (N).

that America is both propping up undemocratic regimes and unfairly supporting Israel with indifference to Palestinian suffering and humiliation” can be changed.

While it is not the intention of this piece to muse upon current challenges to US policy, it is worth noting that public diplomacy again is being advanced as one weapon in the US arsenal to secure a world accepting of, or at least yielding to, US foreign policy positions. One can only hope that today’s promoters of this position have international as well as US interests in mind. One encouraging sign is their insistence that “the United States must take the views and politics and cultural lenses of others into account as it formulates and communicates its policy in order to make that policy both more effective and better understood and accepted.” The unanswerable question, of course, is had the ECA done a better job anticipating European politics, cultural lenses and local loyalties, would it have been more successful in its mission to generate universal popular support for US policy in Western Europe. Or, are public diplomacy projects doomed to encounter and wither in a morass of foreign public opinion driven by long-standing passions, internal debates and anxieties beyond their control? As such, is public diplomacy a useful tool in US foreign policy making or does it merely serve to aggravate residual foreign resentment?

For the ECA, at least, many of their European ‘clients’ had already internalized some of the policy its public diplomacy projects were designed to support. Though some Europeans chafed at US suggestions that they modernize their economies and secure a democratic growth economy, Western Europe had already been on the road to modernizing its production and distribution systems since decades before 1948 and the dawn of the Marshall era. After all, John Maynard Keynes, the father of growth

economics, hailed from Europe himself and his theories were hardly unheard of or universally rejected in the Western European public sphere. Ultimately then, despite the good deal of complex response to ECA information projects and European manipulation of the US image for selfish purposes, the European public was already predisposed to consider embracing many aspects of US foreign policy. A modernized, economically integrated Europe was not an entirely alien concept to the European public. It remains to be seen, however, even though current experts claim to recognize that “the United States can never be universally loved” and that “there are those whom hatred of the United States is so deep and ingrained and irrational that they are beyond reach,” whether or not an official, government-sanctioned US public diplomacy can win “the fight for the middle” that observers claim “we are,” by virtue of our non-existent public diplomacy program, “losing” in today’s challenging international environment.³

³ All quotes related to current public diplomacy are drawn from Council on Foreign Relations, *Finding America’s Voice: A Strategy for Reinvigorating US Public Diplomacy: Report of an Independent Task Force Sponsored by the Council on Foreign Relations*, (New York: Council on Foreign Relations, 2003), 2-5.

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