

MARSHALL PLAN—  
Recovery or War?

*By James S. Allen*

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# Marshall Plan: Recovery or War?

By JAMES S. ALLEN

Advocates of the Marshall Plan claim it is a scheme for world recovery. They say it will save us from another depression. This is the claim made by many who are now engaged in selling the European Recovery Program (E.R.P.) to the labor unions and to the general public.

It is charged that the Communists are opposed to world recovery, and for this reason are opposing the Marshall Plan. It is true that Communists and many progressives everywhere are opposing this scheme. But they oppose it because they believe it will lead to an even more severe economic crisis than otherwise, because it serves the purpose of the American monopolies who are seeking to dominate the world, and because it would lead to war.

A desperate effort is being made here and abroad to present the Marshall Plan as a humanitarian act, designed to help the starving peoples of Europe. Under pressure from the Wallace third party movement, President Truman attempts to picture E.R.P. as the only means to prevent war and to assure peace. Right-wing liberals and Socialists, some former New Dealers, and groups of trade union leaders, turning against the people's movement around Henry Wallace, are attempting to sell the Marshall Plan as a "liberal foreign policy."

Most of these people are not political innocents who have lost their way amidst the turmoil and upsurge of world politics. Nor can they plead ignorance of the real intent of the Marshall Plan. If perchance some were taken in by the well-sounding pretensions of Marshall's offer of assistance to Europe in his Harvard University speech of June 5, 1947, by now there is sufficient official material on hand and as much evidence as can be desired to see the scheme in its true light.

## I. ORIGIN AND AIMS

By all current standards of speechmaking, Marshall's address at Harvard seemed moderate in tone, especially as compared with Truman's "Doctrine" speech of the previous March and the usual "get tough" oration. Some like Max Lerner, an editor of the New York newspaper *PM*, and others who are splitting the progressives by supporting Truman, discovered in Marshall's speech a basic change of policy from the Truman Doctrine. Even now they tell us that it is only nec-

essary to return to the noble principles enunciated by Marshall to see the basic good in the European Recovery Program.

### *THE HARVARD SPEECH*

But the speech itself offers no evidence of this. The only thing new in the speech was the tactical maneuver employed by Marshall. It consisted of the so-called positive approach emphasizing “world recovery,” in order to sidestep the popular protest against the Truman Doctrine of supporting reactionary regimes abroad and bypassing the United Nations. Attention to the real content of the Harvard speech would reveal that it initiated a further development of the Truman Doctrine, endowing it with the necessary twists for application to Western Europe.

Marshall offered assistance to Europe providing “a number, if not all European countries,” would jointly draft a program for “recovery” acceptable to the United States. He denied his offer was directed against any country, just as Truman denied this in his “Doctrine” speech. He asserted its only purpose was world recovery, of a kind which would “permit the emergence of political and social conditions in which free institutions can exist.” To leave no doubt what he meant he then threatened “any government which maneuvers to block recovery,” and “governments, political parties or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise.”

This was the usual parlance for bullying and threatening the Soviet Union, the new people’s states of Eastern Europe, and the Communists and anti-fascists everywhere. Marshall did not mention the United Nations in connection with his assistance plan. He did not deem it necessary to explain why a plan for world recovery should be undertaken outside that body, especially when a European Economic Commission of U.N., of which the Soviet Union and the East European states were members, had already been at work for some time.

It should have been obvious to any serious observer that Marshall’s speech was not a sudden turn in policy but an outgrowth and continuation of the entire preceding line of policy. In this connection, certain dates should be kept in mind for they tell much about the origin and aims of the Marshall Plan.

The Marshall Plan grew from embryo to completed form in the period between two conferences of Big Four foreign ministers on the German peace treaty. The first was held in Moscow in March, 1947, and the second met in London in November- December of the same year. As the Moscow Conference opened, the President delivered his

message to Congress (March 12) which is known as the Truman Doctrine. He told the world that it is the fixed policy of the United States to block communism everywhere and to support so-called free governments. He chose as the first exemplars of "freedom" the fascist royalist Greek regime, which has been imposed by British bayonets, and the feudalist government of Turkey, which had been "neutral" in favor of Hitler during the war. As had been anticipated, the President's message caused the Moscow Conference to end in stalemate.

The first official version of the Marshall Plan was submitted by the President to Congress on December 19, immediately after the failure of the London Conference. That this conference would fail was a foregone conclusion, because the Marshall Plan was being prepared as the alternative, as the direct opposite, to the policy of Big Four agreement. In fact, the Marshall Plan was designed to replace all wartime agreements with a single-handed action by the United States that would assure the goals of the imperialists. This is fully proved by events, and sustained by evidence from prominent official policy-makers.

A month before Marshall spoke at Harvard, Assistant-Secretary of State Dean Acheson launched the first feeler on the new scheme. He spoke at Cleveland, Mississippi, before a meeting of the Delta Council, which consists of the biggest plantation owners and cotton factors in the South. To this receptive audience Acheson proposed outright that Germany and Japan be reconstructed as the centers of "recovery" in Europe and Asia. This bold statement was tempered with a so-called Continental Plan for European recovery, along the lines of "self-aid" and "co-operation," which later became the theme of the Marshall Plan.

As reported in the press at the time, Acheson's speech was the result of careful deliberation in Washington top circles following Marshall's return from the Moscow Conference. This was the first crude statement of the Marshall Plan, which the general-diplomat later polished up at Harvard, taking care to omit references to the reconstruction of Germany and Japan as the core of his scheme for "world recovery." No one in an official position now cares to relate the Marshall Plan back to Dean Acheson's speech. It was deemed the better part of wisdom to retire him from the State Department to the lucrative business of corporation law.

Between the Democratic and Republican wings of the bipartisan team there was little difference in the development of major policy following the stalemate of the Moscow Conference. In May, Herbert Hoover, in a letter to Representative Taber, came out openly for a separate peace with a West German state and with Japan. Hardly was the

conference in Moscow over when Senator Vandenberg declared: "We cannot wait too long for a peace program which at least unites those who can agree."

*BYRNES 'SPEAKS FRANKLY'*

That this was also the main line of thinking in Administration circles is revealed by James F. Byrnes in his book *Speaking Frankly*, published on the eve of the London Conference. No one is better fitted than the former Secretary of State to reveal the essence of the policy which is carried forward in the Marshall Plan. In his official position, second only to the President, he played a leading role in the first crucial post-war years in reversing the Roosevelt policy. It was Byrnes to whom the honor fell of breaking With the Potsdam agreement on Germany, in his speech at Stuttgart in September, 1946, when he denounced that accord as a failure, and proposed the merging of the American and British zones in Germany.

From this book there emerges a clear picture of how the bipartisan policy is directed toward obtaining control of heavy industry in the Ruhr for the American monopolists. Around this arsenal a West European bloc under Wall St. domination is to be constructed. This is why official policy, as described by Byrnes, opposes four-power control of the Ruhr, reparations, and socialization of industry. He put it rather plainly: "The control of German industries should be turned back to the former owners" – the very men responsible for Hitler.

Although his book was published about two months before the London Conference, and parts of it appeared even earlier in the newspapers, Byrnes wrote as if failure at London was a foregone conclusion. He proposed a German peace conference in early 1948, although he knew very well that such a conference would have to be held without the Soviet Union and the East European countries. To appear fair and square he urged that the Soviet Union be invited, but should she fail to participate a separate peace should be made with a West German state resulting from the merger of the French zone with Anglo-American bizonia. Following this a demand should be made for the withdrawal of all troops from Germany. If the Soviet Union refused, the United States would have to prevail upon the Security Council to compel Russian withdrawal. The United States would make it clear to all concerned that it would "use all its power to support the action of UN."

As the London *Times* put it, this is "little better than a simple recipe for war" (October 16, 1947).

Enough has happened to demonstrate that the policy described by Byrnes in his book is in fact an operating policy,, although its application is being slowed down considerably by the resistance of the democratic forces the world over. As the result of a new Anglo-American agreement at the end of 1947, the United States obtained dominant positions in all economic agencies of German bizonia in return for feeding the Western zones. And another agreement in January, 1947, transformed the economic merger into practically a full-blown political merger. Negotiations were also proceeding to swing the French zone into the new rump state.

This general line of policy was officially confirmed by Marshall in his radio address after the failure of the London Conference, when he said: "We cannot look forward to a unified Germany at this time. We must do the best we can in the area where our influence can be felt."

Another early and official insight into the origins and spirit of the Truman Doctrine and Marshall Plan was provided by "Mr. X" (since identified as George Kennan, chairman of the Policy Committee of the State Department), in an article appearing in the July, 1947, issue of *Foreign Affairs*. Kennan began his training as an expert on Russia and Soviet Communism in the lie factory at Riga, Latvia, which flooded the world with tall tales about the nationalization of women and other "horrors" of Bolshevism during the days of the Russian Revolution and the early years of the Soviet Republic.

At any rate, his present ideas, which reflect thinking in the State Department, have at least the virtue of simplicity even though they may be devoid of real insight into world affairs. According to him the inner collapse of Soviet power would be practically certain if the Soviet Union could be isolated for a period of 10 to 15 years "by the adroit and vigilant application of counter-force at a series of constantly shifting geographical and political points." In his view the many inner strains and weaknesses of the Soviet system would end in complete collapse.

It does not seem to bother "Mr. X" that this policy has been tried for the past thirty years, when every conceivable "application of counter-force" was attempted, from political isolation and economic blockade to Allied military intervention and the Hitler invasion. Obviously he feels that the entire burden of carrying on a bankrupt policy must now be assumed by the United States. In fact, he holds, it is incumbent upon the United States to accept "the responsibilities of moral and political leadership that history plainly intended them to bear."

With these "chosen race" concepts, so similar to the *Herrenvolk* theories of Hitler, our policy-makers seem to assume that all that needs

to be done is to announce American leadership to have the peoples of the world come flocking to the savior. Unfortunately, even according to "Mr. X," the badly shaken capitalist countries have to be shored up for some 10 or 15 years, not against the alleged onrush of Soviet Communism but against their own inner weaknesses and crises, and against the demands of their own people for security. This is the task that the Marshall Plan is supposed to accomplish.

All evidence reveals that the Marshall Plan is an extension of the policy developing since the end of the war. It is directed toward scuttling all wartime agreements, toward permanently splitting Germany, and turning the Ruhr into the main base for the American monopolies in Europe.

## II. THE DOCTRINE AND THE PLAN

Events themselves demonstrate how the Marshall Plan carries forward the Truman Doctrine. Even during the preliminary period, before an official version had been presented, the Marshall Plan was already operating effectively as a form of reactionary pressure upon Europe. The Right-wing liberals of Americans for Democratic Action (A.D.A.) are at least consistent in supporting both the Truman Doctrine and the Marshall Plan, recognizing their identical purposes. But others with a leftist turn, like Lerner, support the Marshall Plan because they hold it is a progressive improvement upon the Truman Doctrine. Not only do they skip by the entire context of reactionary policy within which the scheme developed, but they cannot see events in front of their noses. These events demonstrate that the Marshall Plan is designed to achieve the very same results in Western Europe as the Truman Doctrine seeks in Greece and Turkey, and as United States intervention in China.

In the book already referred to, Byrnes reveals something of the tactics involved in launching the Marshall Plan. He says the scheme was born as a result of discussions within the American delegation on its return trip from the Moscow Conference. It appears that the bluster of the Truman Doctrine, and belligerent steps by the United States in China, Greece and the Mediterranean, had "scared" the Russians not at all. On the other hand, it had aroused great protest and opposition in the United States and other countries. The Doctrine is too much like the slogans employed by Hitler. Henry Wallace's triumphal tours of Europe and the United States were demonstrating how eager the people were to rally against the aggressive policy. At the same time, the Doctrine offered no possible pretext to the Right-wing Socialists in Europe, or to their brethren in the United States, to swing their following into



support of the imperialist scheme. Accordingly, as was stressed in the conversations recorded by Byrnes, a more “positive approach” was required. The idea of “world recovery” with American aid was to be coupled more prominently with the intensive anti-Communist campaign.

Practical results from this policy are already at hand. The expulsion of the Communist parties from the French and Italian Cabinets were the first preliminary victories of the Marshall Plan. This was done under direct pressure from the United States Government, as payment on account for the loans already extended to France and Italy and for the loans promised under the Marshall Plan. Events already show that American intervention is having the effect of reviving the fascist elements in these countries.

### *BUILDING UP DE GAULLE*

What sort of “recovery” this can lead to is demonstrated by recent events in France. A great strike of three million French workers got under way in November – ‘a powerful and defiant defense of their living standards and national independence against American intervention. Talk of launching civil war against the French people in the Greek style became rampant. The real temper of French and American reactionary and Right-wing Socialist circles was revealed by C. L. Sulzberger in a dispatch from Paris to *The New York Times*. He recalled that “In January, 1919, Gustav Noske [a Social-Democratic leader] saved democracy in Germany for fourteen more years by swift strong action, firing upon the extra-legal mobs” (November 22, 1947).

It seems that this course of action was seriously being considered. The same correspondent sums up what he defines as “the consensus of diplomatic opinion in Paris” – meaning mainly the opinion in the American Embassy – as follows: “Because the real battle on the Marshall Plan is now fully engaged, events will have to succeed each other until Charles de Gaulle comes to power.”

Nor was this merely the opinion of interventionist and reactionary circles on the spot. John Foster Dulles, the Republican cartel politico, left the four-power conference in London to intervene directly in the French situation. On the eve of his departure from London, in a style reminiscent of Nazi dealings with France, he read the French Communists out of political life for not being a “French political party.” Dulles, of course, assumed without question that he has every right to intervene in French politics, although he is not even a Frenchman. And

like Abetz or any other Nazi *Gauleiter* he warned France of dire consequences:

“A catastrophe in France [by which he meant the success of the general strike] would be like the French debacle in 1940, which awakened all America to the danger of the Nazis.”

With these preliminary remarks, Dulles came to Paris. There he lost no time in interviewing the government leaders, including Right-wing Socialists like Blum and Jouhaux. His prize interview was with De Gaulle, to make certain of his support for the policy of assuring American monopoly control of the Ruhr and of a Western bloc.

This is made clear by Drew Middleton, another *New York Times* correspondent, who reported from London after Dulles returned from his French mission that an agreement had been reached between Dulles, De Gaulle and a number of unnamed luminaries in the French government. According to Middleton, the understanding called for control of the Ruhr, under the so-called French plan of “internationalization,” which means the exclusion of the Soviet Union, and joint control by a sort of cartel of British, French and American trusts, with the latter dominant. The agreement was also said to include the timing of merging the French zone with the Anglo-American, and a plan for the structure of a separate West German state. (*The New York Times*, December 9, 1947.)

According to James Reston, another *Times* correspondent, whose seat is in Washington close to the State Department, the Dulles agreement was heartily approved in official circles. In addition, he reported, it was very much doubted in Washington whether economic aid would be sufficient to swing France completely into the orbit of the reactionary bloc. According to him, powerful sentiment existed in Washington for *military support* to the French and Italian governments against the Communists, as well as direct financial aid to the anti-Communist parties. (*The New York Times*, December 5, 1947.)

It was shortly after Dulles saw the French Socialists and their trade union leader, Jouhaux, that the Socialists split the French trade unions, and set up their own strikebreaking center, the *Force Ouvriere*.

If the objective of inciting De Gaulle’s seizure of power was not realized, this was due to the staunch resistance of the French workers, who won many of their economic demands and aroused the French people to the danger of intervention.

*GREECE, CHINA AND E.R.P.*

What difference, then, is there between the Truman Doctrine in Greece and the Marshall Plan in France? Even the differences of tone and method are beginning to vanish. Nor is the Marshall Plan in any way softening the application of the Truman Doctrine in Greece, as might be expected if it is true that the former is an improvement over the latter.

In his first report on aid to Greece and Turkey (November 10, 1947), President Truman had to make a remarkable confession. He had to admit, despite the goals announced by him last March, that the economic situation in Greece had not improved. Even more, he had to report the "overall worsening of the military situation," despite the work of the American military mission in Greece, despite shiploads of munitions from America, despite terroristic action against the Communists and other Greek patriots. Furthermore, he had to confess that he saw little hope for the immediate success of the program.

And how does he propose to improve the situation? Perchance by reducing military aid, by shifting the emphasis to reconstruction and recovery? The President informs us that the allotment to the Greek army has been increased at the expense of the civilian program! The answer to the inflation and to the bottomless economic crisis in Greece is to intensify the civil war. What a complete self-exposure this is! Even the skimpy "recovery" adornments of the Truman Doctrine are to be sacrificed for its main weapon: military intervention.

In this the President proves to be a man of his word, although he so readily forgets his promises when it comes to social reform. Additional American aid was quickly raised to increase the strength of the Greek Army. American officers are taking the field against the patriotic army of the Free Government of General Markos. Additional U.S. Marines, in full battle gear, were dispatched to the Mediterranean in invasion-landing craft. The death sentence has been decreed in Greece for strikers.

To top this, on February 15, 1948, in connection with his second report on Greece, the President indicated he would soon ask Congress for additional funds for intervention in Greece and Turkey. At the same time, the head of the U.S. Military Mission became a member of the Greek National Defense Council, making the United States an official participant alongside the Greek fascists in the civil war. For the present, military supplies, naval aid and American officers as advisers. How soon will the request be made for large-scale intervention by an American army?

The Marshall Plan, the Truman Doctrine and the China policy merge into a single interventionist and expansionist drive. For some time leading Republicans had been insisting upon stepping up intervention in China to keep pace with intervention in Europe. As a matter of fact, Chiang Kai-shek has already received more aid from the United States than the total amount projected for the first year of the Marshall Plan in Europe. And on February 18, three days after the

President requested additional funds for Greece, he asked Congress for another \$570,000,000 for China, besides the recent transfer of planes, ammunition and other supplies from surplus army goods.

In the President's new proposal for China aid, the last distinction vanishes between the various phases of the interventionist policy. The latest "stopgap" assistance to China is to be administered by the same agency that will operate E.R.P., according to the President.

There is no essential difference between the Truman Doctrine and the Marshall Plan as far as their main objectives are concerned. Greece presents a preview of what the Marshall Plan will do to France and other countries if it is permitted to progress much further. When the Communists oppose this plan they are not opposing world recovery, but are attempting to save the world from chaos and another war.

### III. WHO SPLIT EUROPE?

To substantiate the charge that Communists are opposed to world recovery and for this reason are fighting E.R.P. it is said by the Marshall Plan advocates that the Soviet Union refused to accept the offer of assistance and brought about the split in Europe. It is worthwhile examining the record to see whether these charges can hold water.

#### 'WEST OF ASIA'

Marshall's speech at Harvard University was to be the signal starting the scheme rolling in Europe. For a week after the address not a single European capital responded. Then, reportedly on the insistence of Ernest Bevin, Foreign Minister in the British Labor Government, Marshall asserted in a press interview that the plan applied to all countries "West of Asia." This footnote was expected to make up for the obvious and deliberate impression given by Marshall in his address that the Soviet Union would be excluded. His phrase "West of Asia" was then interpreted as an invitation to the Soviet Union, but an invitation of a special kind. As the Paris correspondent of *The New York Times* reported, it was generally suspected "that the aim was to open to Russia a door that Washington felt sure she would not enter" (June 18, 1947).

But this was the gimmick that Bevin and the French Socialist Cabinet needed to launch the plan in the face of deep distrust of American expansionist aims, and the opposition among the peoples everywhere to an anti-Soviet bloc. Taking “West of Asia” as his cue, Bevin took to the stump with a glowing eulogy of the Marshall Plan, comparing it with our own Bunker Hills and Yorktowns, although not a single detail of the plan was known. He then rushed off to Paris, where together with Socialist Premier Ramadier he worked up enough heat to lead the British and French governments to accept the Marshall Plan unconditionally – ‘although a concrete plan specifying amounts and terms did not exist. With this solid achievement to their credit, Bevin and French Foreign Minister Bidault, amidst much open cynicism and sneering, “invited” Molotov to join them in Paris – ‘within a week, no more – ‘to discuss the scheme.

To encourage Molotov, Bevin told Parliament during a flying trip to London while awaiting the Soviet reply that he was ready to “organize this business” with dispatch and without regard to “finesse or procedure or terms of reference.” This was a blustering challenge to the Russians, who are apparently not the sort to commit their own country or others unconditionally to a plan the details of which were unknown.

Then, to obvious consternation in Western capitals, Molotov accepted the invitation to confer. He brought 89 economic experts with him to Paris for a serious discussion of European reconstruction. In the note accepting the invitation the Soviet government declared: “The primary task of European countries is the speediest possible rehabilitation and further development of their national economies disrupted by the war,” a task which could and should be “facilitated by United States aid.” It was also noted that neither the amount nor the terms of the Marshall offer had been communicated to Moscow, and that this aspect would have to be clarified. Thus, the Soviet Union was opposed neither to European reconstruction, to which it had already contributed heavily in the form of food supplies and materials, nor did it reject the prospect of American economic assistance, providing this did not interfere with the sovereignty of the receiving nations.

All evidence points to a prior agreement among the British, French and American governments before Molotov even had an opportunity to present the Soviet position. The conference of the three foreign ministers was opened with the presentation of the British proposal. About this a leading Paris correspondent wrote as follows:

Its outstanding feature is the way it conforms to the suggestions made by United States Ambassador [to Britain] Lewis W. Douglas in his speech to the American Chamber of Commerce in London Thursday. The British proposals also fit so well into what suggestions have been coming from Washington that one must suppose they were partly based on the conversations held with [U.S. Assistant-Secretary of State] William L. Clayton in London before Mr. Bevin came here. Finally the British plan dovetails neatly into the French proposals put forward by Mr. Bidault and hence lines up the two countries against the Soviet Union (*New York Times*, June 29, 1947).

### *MOLOTOV'S POSITION*

The basic differences that split the conference revolved around whether the European nations were to reconstruct as sovereign states or on conditions laid down by the United States. Molotov proposed an approach that would guard the national independence of the receiving countries. He urged that each country estimate its needs, in the light of its own plans for reconstruction, indicating what additional assistance it would require from abroad. The European conference would then arrange credits from the United States. In this way, he hoped, co-operation would grow among all European nations, as well as between them and the United States, on an equal and sovereign basis.

Bevin and Bidault rejected this approach offhand. Instead they insisted upon their own plan, which had obviously already received the approval of the American Government. It is well worth recalling Molotov's criticism of this plan, because the points he made in July, 1947, have been proved correct by events. He accused the British and French governments of seeking to impose an economic directorate over and above the European countries, in the form of the suggested Steering Committee, now called the Executive Committee of the Committee of European Economic Co-operation. He said that Britain and France would dominate this committee, which would inevitably interfere in the internal affairs of every member nation. By adopting a policy of prime dependence upon foreign loans, instead of relying upon the internal resources and domestic efforts of each country, he charged that Britain and France would assure the United States a dominant voice in the affairs of Europe.

Another major objection by Molotov to the Anglo-French approach was their plan to use German resources before the question of Germany

had been settled by the Big Four, and before reparations claims had been met. In his opinion countries that suffered most from Hitler aggression should receive priority in all aid, particularly in the use of German industrial products. Instead, as he pointed out, the Marshall Plan is being erected upon the foundation of the partition of Germany, rather than a united democratic Germany that could become a member of the European family of nations. Finally he warned that the Marshall Plan would mean the division of Europe, and that American credits would be used to line up one part of Europe against another.

He cautioned Britain and France of the dire consequences to themselves in following this policy, by which he meant the danger to their own national independence and world position as the result of submitting to the expansionist program of American imperialism.

Thus, it is utterly unfounded to argue that the Soviet Union rejected the Marshall Plan because she is opposed to European or world reconstruction or because she rejected offhand an offer of American economic assistance. She opposed the Marshall Plan because it was aimed not at recovery but at American imperialist domination of Europe, at rebuilding the base of German monopoly capitalism in the West, and at splitting Europe into two opposing camps.

Similar criticisms were voiced by the smaller nations of Europe at the conference which was hurriedly convened in Paris on July 12, ten days after the failure of the meeting of the British, French and Soviet foreign ministers. The Scandinavian countries and Switzerland insisted upon safeguards for national sovereignty under the Marshall Plan and demanded assurances that an anti-Soviet bloc would not be formed. As if to confirm Molotov's warnings, the Committee of European Economic Co-operation set up by this conference of sixteen West European nations is dominated by an executive committee of five countries headed by Britain and France, who are thus able to impose their policies upon the others. And to confirm the worst fears with respect to the Marshall Plan, the program approved at Paris provided for negotiations with the Anglo-American military government in Germany for the purpose of bringing Western Germany, as a separate entity, into the European "recovery" scheme.

It should be recalled that the American offer had been made on the basis of European "self-aid." Indeed, Bevin and Bidault swore themselves blue in the face at the Paris conferences and in many orations that neither they nor the United States had the slightest intention of intervening in the internal affairs of any country.

At the conference of sixteen nations where the Marshall Plan was accepted, and committees set up to draft a report to the United States setting forth their requirements, direct American intervention was so obvious that it could not be denied. During the conference an American headquarters was established in Paris, headed by Assistant-Secretary of State Clayton. A triumvirate of American ambassadors worked with him: Douglas, Caffery and Murphy, envoys respectively to Britain, France and the A.M.G. in Germany. They carried on constant negotiations with the nations participating in the conference. The draft reports drawn up by the Paris conference were submitted to them for criticism before being made final. On their insistence the estimate of aid required from abroad was trimmed down from twenty-nine billion dollars over four years, to twenty-two billion, and many other changes were made at the expense of the expansion of European industry and to the detriment of the people's standard of living.

Once these European governments had placed themselves at the mercy of the United States, by agreeing in advance to grants of aid the terms and conditions of which could not but be onerous, they had already surrendered a large slice of independence.

If there were any illusions left about the "humanitarian" motives of the Marshall Plan, the junkets of American Congressmen into Europe during the summer and fall of 1947 must have opened the eyes of many Europeans. At least half the American Congress packed its bags and set off for a tour of Western Europe that must have made the Hitlerite tourists of old look like pikers. Our honorable Senators and Representatives did not hesitate to pry into every aspect of government and economic affairs, nor to express arrogant opinions about their political and social life. One American Senator advised the Italian government to use machine guns against the "reds," and others expressed similar opinions in France. This was a foretaste of the kind of treatment to be expected from American agents roaming Europe under the authority of the Marshall Plan, once it is set up.

Such a wholesale humiliation of nations is exceeded only by Hitler's "New Order" in Europe. If the American people should become thick-skinned about this sort of thing, and utterly insensitive to the degradation of entire nations by our imperialists, then we too will have lost our birthright as an independent and democratic nation.

As can be seen from this brief account, the entire Marshall maneuver was carried out with great speed. Within a month after Marshall's speech at Harvard, a potential West European anti-Soviet bloc had been gathered in conference at Paris. As Bevin declared, "speed was of the



essence” – ‘especially since only a few months remained before the scheduled London meeting of the Big Four to take up the German question. It was necessary to rush to completion the alternate program to the Potsdam Agreement, to set up the framework for a completely opposite policy that could be pursued without the Soviet Union and against her.

### *EASTERN EUROPE*

Undoubtedly one of the objectives of the Marshall maneuver during its early phase was to separate the East European democracies from the Soviet Union, with the expectation that the political situation there could be reversed, and the old hostile cordon re-established along the borders of the Soviet state. This phase of the Marshall Plan met with early and complete defeat. In one or two countries a certain confusion arose due to the swift pace of events. But it was only a matter of days, before all the East European states had rejected the invitation. They had good and sufficient reasons of their own. These countries had already made the decisive turn toward uprooting capitalism and had established the basis for their advance toward socialism. All of them had their own plans of reconstruction and recovery, on the foundation of the new society they were creating. Two-, Three-, and Five-Year Plans were already in operation, and their principal aim was to achieve rapid development of their economies along the lines of socialism. True, they needed then and still need today whatever foreign assistance would aid them to establish modern industry and provide them with necessary raw materials. But they do not plan their reconstruction on the prime basis of foreign aid; this is considered supplementary to their own efforts.

They rely fundamentally upon the great creative energies of their peoples released by the revolutions that had taken place in their countries. From each other and from the Soviet Union they can rely upon economic assistance of the kind that would encourage further progressive development. They are the last ones to shut the door to trade on a commercial basis with West Europe and the United States. But certainly they will not accept foreign aid at the price of undermining their new societies, of restoring the former imperialist hold upon their nations, and of being shoved into a combination against the Soviet Union. For these reasons they were quick to see the dangers inherent in the Marshall Plan, and to reject it as a threat to their own further progress and independence.

People who have just emerged from fascist slavery, who fought so valiantly for their national liberation, and who have “stormed the heavens” in revolutions that are remaking their lands fall easy victim neither

to atomic blackmail nor to the more subtle enticements of the Marshall Plan.

#### IV. TERMS AND CONDITIONS

Toward the end of 1947 the specific features of the Marshall Plan took shape. Until then even the countries which had subscribed to it had remained in the dark as to what they were to expect from the United States.

A number of committees had been set up by President Truman to prepare the measure. The most important was the President's Committee on Foreign Aid with W. Averell Harriman, Secretary of Commerce, as chairman. On the Committee, alongside heads of corporations and some professors, were James B. Carey of the C.I.O. and George Meany of the A. F. of L., both of whom assumed active duty in the campaign to sell the scheme to labor at home and abroad. Most of the recommendations of this Committee, as well as of the others, were summarized by the President's message to Congress 011 December 19, 1947, and incorporated in the Administration bill presented to Congress when it reconvened in January, 1948. This is the first official presentation of the Marshall Plan, or the European Recovery Program, as it is officially known.

The President's message, and the bulky documents concerning the detailed aspects of the program, are sufficient to satisfy the most exacting student of public affairs that the main charges against the Marshall Plan are fully justified.

As was to be expected, the President framed his message 011 the Marshall Plan in the same political style as his "Doctrine" speech. The purpose of the Marshall Plan is to restore the traditional "free" societies (read: decrepit, crisis-ridden capitalism) in Western Europe, and to safeguard them against "totalitarianism" (read: people's democracy and socialism). He fulminated against "aggressive activities of Communists and Communist-inspired groups aimed directly at the prevention of European recovery" (which means anyone opposed to the Marshall Plan).

He assured Congress, as had been clear from the beginning, that "our program of United States aid also includes Western Germany." And he stressed again the well-known thesis of the monopolies that the productive capacity of Western Germany (note: always *Western* Germany not Germany as a whole) must serve as the core of European "recovery."

These major policies clearly established – ‘anti-Communism and rejuvenation of imperialist Germany, the inseparable twins of a reactionary program – ‘the President outlined some of the concrete aspects of the scheme.

### *YEAR-TO-YEAR HANDOUTS*

The first thing to note is the continuing indefiniteness with respect to the total sum to be expected by the Marshall Plan countries. In his message the President mentioned the round sum of 17 billion dollars to be advanced in four years. This in itself scales down by over 40 per cent the total credits that would be required as originally estimated by the European countries at the Paris Conference. But even this commitment was removed from the Administration bill, with the consent enjoy genuine “self-aid” or to co-operate with each other objected to the appropriation of any fixed amount for the four-year period by this session of Congress.

As is the case with respect to every major provision, the failure to specify an overall sum stands in direct contradiction to the announced purposes of the Marshall Plan. The scheme was plugged as a plan for European “self-aid” and “co-operation.” But how can the Marshall Plan countries plan their “self-aid” and “co-operate” to bring about recovery when they do not know from one year to the next how much financial assistance the United States will make available?

In fact, the Administration bill provides that after the original appropriation for the first 15 months, future appropriations will be considered by Congress on an annual basis. The President himself explains the reason for this:

“The United States will, of course, retain the right to determine whether aid to any country is to be continued if our previous assistance has not been used effectively.”

In other words, grants and loans are to be withheld unless the countries receiving American aid comply with the political and economic conditions set by the United States. Harriman put it quite clearly: As soon as a country falls within the “orbit” of the Soviet Union all American aid to it is to cease; as long as a country accepts American “leadership” it will receive aid under the Marshall Plan.

To assure this, the President provides that each of the receiving countries enter separately into bilateral agreements with the United States “affirming the pledges which it has given to the other participating countries, and making additional commitments.” Handouts on an annual basis and separate agreements with the United States remove the

last vestiges of the pretense that the European countries will be permitted to enjoy genuine “self-aid” or to co-operate with each other freely. More humiliating conditions have rarely been placed before sovereign nations.

### *FREE TRADE*

The President also takes the trouble to specify some of the pledges and commitments that will be required of the Marshall Plan countries. Standing high among these is the pledge “to reduce barriers to trade among themselves and with other countries.” It is the same condition imposed upon Britain when she was granted the loan of \$3.75 billion in 1946 – ‘8 condition which has contributed so heavily to her continuing crisis. It is the demand that the United States has been attempting to thrust upon all countries participating in the International Trade Conferences at Geneva and Havana, and which aroused determined resistance from small nations.

If the Marshall Plan countries accept this it will mean that their domestic market will be turned over to the United States, whose great monopolies will be able to undersell European industry everywhere. It means that precisely at the time when the European countries must not only reconstruct their industry but also increase the tempo of their development if they are to achieve full recovery, they must surrender their right to protect and develop domestic industry. Furthermore, this demand is being made when our own Government is moving away from a policy of lowering tariffs, and when the trusts command the American market more completely than ever, making it more difficult for other countries to export to the United States, the largest sector of the world market.

This demand, then, also negates the professed aim of the Marshall Plan to encourage greater production abroad and bring world recovery.

### *STOCKPILES FOR WAR*

Another pledge stipulated by the President is that the receiving country must commit itself to supply the United States with specified raw materials for stockpiling purposes. Such stockpiling is a highly strategic measure, having a two-fold purpose. Through the control of the major sources of raw materials, and by assuring themselves stockpiles of these materials while denying them to competitors, the American trusts will be in a much better position to dominate the world economy. And by having at hand the strategic materials needed for war industry, it is hoped to establish complete self-sufficiency in preparation

for war. Since the countries of Western Europe control most of the colonial world, which contains the most valuable sources of raw material, the United States can obtain a virtual monopoly through the Marshall Plan.

This particular commitment was spelled out in greater detail by the Herter Committee (House Select Committee on Foreign Aid), which is dominated by the Republicans. In a special report on foreign aid and stockpiling of raw materials (November 22, 1947), it called for a systematic review of world raw material resources with the aim of assuring repayment for American grants by free access to strategic ores and minerals. It cited specifically iron deposits in Labrador, British oil holding in Venezuela and chrome and nickel deposits in French Caledonia – ‘and no doubt had in mind even richer prizes in Dutch Indonesia, in the French Congo, in British Malaya and Burma, and many other dependencies.

Of course, a few minor political inconveniences stand in the way. Labrador, for example, is part of Newfoundland which is in turn a colony of Britain. But this can be remedied easily. According to the Herter Committee, dominion status or some form of partnership with Canada should be granted Newfoundland “so that participation in these resources be allocated as security against a United States loan to Britain.”

Even the Herter Committee must regrettably admit that this simple solution of the wholesale transfer of colonies may not always be possible. In which case, it has an alternate scheme:

Where it is inexpedient politically or otherwise to attempt this direct solution of acquisition of mineral rights a combination of American private capital for development under government partial guaranty, plus stockpile deliveries over a 25-year period, would go far towards repaying some of the Marshall program loans and possibly securing interest coverage on previous advances.

How are the Marshall Plan countries ever going to achieve recovery if in addition to granting free access to their markets to the American monopolies they also transfer to them control over the raw materials necessary for the development of industry? This is more like looting than recovery.

### *NO NATIONALIZATION*

Still other pledges demanded by the President would facilitate direct control by the United States over the economy of the recipient

country. Thus, a Marshall Plan country must pledge itself to make “efficient use” of its own resources and “take the necessary steps to assure efficient use” of all American supplies. American aid, therefore, is automatically to confer upon the United States Government the right to submit all economic measures of a receiving country to the test of “efficiency” as understood by American “free enterprise” administrators.

The President avoided, and the Administration bill does not include, strictures against nationalization and other social reforms. These are omitted out of deference to the Right-wing Social-Democrats, who would find themselves in a completely untenable position if the Marshall Plan were to demand openly a ban on such measures. But the intent to doom nationalization has been made clear in every Congressional hearing. The Marshall Plan will operate against nationalization and progressive state measures, just as the previous loan policy led to a retreat in the nationalization of the steel industry in Britain and to the halting of the nationalization process in France.

The Harriman Committee report, upon which the President’s proposals are based, was also rather careful in its approach to this delicate question. Although free enterprise is the best system, it coyly admits, the foreign aid program should not be used as a means of forcing other nations to adopt it, as long as their own measures “are consistent with basic democratic principles.” And after making this polite bow to Social-Democracy, the report continues:

“Whatever’s one attitude towards planning and free enterprise may be, there is all but universal agreement that true economic recovery depends on releasing the energies of individuals [capitalists, of course] and cutting down on time-consuming regulation of production and distribution.”

Here you have the definition of “efficiency.” The “regulation of production and distribution” is “time-consuming” and therefore inefficient. And how are the countries devastated by war, and suffering also from a long period of industrial stagnation and economic deterioration, to gain even the chance for stable recovery without democratic measures of regulation and control?

Here then is another basic contradiction between the professed aim of the Marshall Plan to encourage co-operative and planned measures among the European countries and its actual strictures against such regulations, because they would interfere with the domination of the American trusts over their economy.

### *CONTROL OF CURRENCY*

Another commitment demanded under the Marshall Plan reveals that the so-called gifts or grants (estimated at between 60 and 80 per cent of prospective American aid) are to provide a special means for direct United States control of the economy. In the President's words, the receiving country will be required "to deposit in a special account the local currency equivalent of aid furnished in the form of grants, to be used only in a manner mutually agreed between the two governments." This is one of the conditions appearing in the bilateral agreements covering the interim relief of half a billion dollars appropriated by Congress in December for France, Italy, and Austria, to tide them over until the Marshall Plan should be enacted.

This amounts to an outright American mortgage upon the country. It provides the United States with a bridgehead for control of finance and for dictating monetary policy. It also provides an effective means for penetration by the American trusts into the basic economy of the receiving country. Without making dollars available, these attached funds can be used to buy up shares and stocks in industries and banks. During the period of German penetration into Europe similar results were achieved through the system of special export marks, which could not be used to buy German products but which were used to buy up shares of industry in the other European countries. "Self-aid"? Yes, self-aid for the monopolies.

A forerunner of the effects of the Marshall Plan upon foreign currencies was provided by the devaluation of the French franc in January, 1948. This action has the effect of making French exports cheaper, thus sharpening the fight for foreign markets with France's competitors. It also makes French imports dearer, thus granting a big advantage to countries- interested mostly in exports to France, like the United States. The overall effect is to raise the cost of living in France, especially since a growing portion of her goods will come from the United States under the Marshall Plan, while the cheaper "export franc" will drain French goods from the domestic market. Britain is a competitor of France on European and Middle Eastern markets and therefore opposed the devaluation. The United States, which anticipates winning the dominant position within France's domestic market as a result of the Marshall Plan, supported the French devaluation. And- the United States is placing pressure for similar action upon other countries which will receive Marshall Plan aid.

The entire scheme is provided with the proper checks and controls that will facilitate the central objective: domination over the Marshall Plan countries. Each country is required to supply the American Gov-

ernment with “appropriate information” on its use of grants and loans and on the fulfillment of the various obligations it undertakes. Note well, that this information is to be supplied directly to the American government, and not to some all-European committee set up by the receiving countries. It appears the impression created when the Marshall Plan was initiated last June that the receiving nations would themselves govern the disposal of American credits is completely illusory.

Nothing is to be left to chance, or to the good faith of the receiving country. The Government agency to be created to administer the Plan, whether it is separate from or an integral part of the State Department, will have agents to supervise the operation in Europe. According to the proposals submitted by the President, it will have a representative with Ambassadorial status on the European organization of the Marshall countries, who will act as a sort of economic overlord or pro-Consul. In addition, a network of economic *Gauleiters* is to be set up of specialized personnel attached to the American Embassies in the countries receiving American aid.

#### *DISPUTE OVER ADMINISTRATION*

The disputes over the administrative aspects of the Marshall Plan do not challenge the principle of supervision. The quarrel is principally over two questions: whether the control is strict enough, and whether the corporations should be given such complete organizational control that E.R.P. would supersede in authority any branch of the Federal Government, including even the State Department. These quarrels are not basic. No matter which plan of administration is accepted the corporations will be assured of the central role and the Marshall Plan countries will be subordinated to the United States. But the dispute is important, because it throws additional light on the far-reaching ambitions of the monopolies.

Marshall and others who supported the proposal that E.R.P. should be closely associated with the State Department argued that the foreign-aid plan is to become the “principal instrument of foreign policy.” Therefore it is necessary to assure the complete co-ordination of E.R.P. with the day-to-day operation of foreign policy in general. On the other hand, the Herter Committee, Governor Dewey, the National Association of Manufacturers, and the U.S. Chamber of Commerce are among those who were not satisfied that the entire structure of E.R.P. from top to bottom will be sufficiently manned by businessmen.

In hearings before the Senate Foreign Relations Committee, of which he is chairman, Senator Vandenberg criticized the State Depart-



ment proposals on administration because in his view they did not provide enough of “a new element of business responsibility” that would assure the E.R.P. being “conducted in a businesslike way.” He wished to make certain that E.R.P. would have “a system of following our dollars abroad to see that we’re getting our money’s worth.” With both these propositions Marshall and E.R.P. “general manager” Douglas, himself a businessman of no small worth, expressed the greatest sympathy.

What Senator Vanderberg had in mind is the plan submitted by the United States Chamber of Commerce on inspiration from Winthrop Aldrich, president of the Chase National Bank. This plan is supported by the Herter Committee. The proposal would establish a separate corporation, responsible to Congress rather than the State Department, to control and administer grants and loans. Officers would be chosen from “outstanding leaders of industry.” Boards of trustees would be set up by the corporation in each country receiving aid under the Marshall Plan.

It is difficult to imagine a more effective scheme for a complete merger of the trusts and the Government for the specific purpose of extending the American monopolies throughout Europe. But it is also obvious that in this form E.R.P. would become too open an instrument of the American trusts. Even the flimsy pretenses of recovery and relief would vanish entirely. Perhaps the best comment on this scheme was made editorially by *The New York Times* in its defense of Marshall’s original proposals: “What more protection do we want? We could hardly go further without taking over the governments of the sixteen beneficiary countries” (January 6, 1948).

By February a “compromise” had been reached in the Senate Foreign Relations Committee, which would place the E.R.P. agency on a par with any government department. A new independent agency was to be created, headed by a single administrator with Cabinet rank. He would enjoy broad powers in the allocation of grants and loans, without veto from the Secretary of State, or any single government department. A bipartisan advisory board was to be appointed. The agency would have its own Ambassador on the organization set up by the Marshall Plan countries. An E.R.P. mission would be sent to each participating country, headed by a Minister, second in authority to the regular Ambassador. To check the entire operation a joint Congressional “watch-dog” committee would be set up. This committee would determine whether a recipient nation has met its obligations and qualifies for further aid. To assure policies in every respect satisfactory to reaction and

the monopolies, Senator Vandenberg suggested Herter as chairman of the joint committee.

In the meanwhile, the movement is growing to place this new agency in charge of all grants and loans to countries outside Europe also. In a letter to Vandenberg (January 21, 1948), Hoover proposed that all countries receiving aid from the United States be placed under the new agency. Herter also favored this. Truman had already proposed that China aid be included and since the agency would also supervise purchases from Canada, Latin America and other areas, it would become a truly global Board of Directors. This is paramount to creating a sort of Department of Expansionist Affairs, as a super-cabinet of the trusts, holding great power within the American government.

### *HARRY F. BYRD*

The objections raised by the so-called economy bloc, led by Senator Taft and Representative Taber on the Republican side and by men like Senator Harry F. Byrd on the Democratic side, are also tactical rather than differences of principle. In an election year it is not unusual to make a demagogic use of the people's impatience at continuing high taxes. Members of the economy bloc are concerned mainly with reducing still further the tax rates for corporations and the high income groups, and in order to achieve this are willing to throw a few concessions toward the lower-income groups. But this is only one relatively minor reason for the demands of the "opposition" to pare down the sums appropriated for E.R.P.

Another, more potent, reason was given by Senator Tom Connally, a member of the Senate Foreign Relations Committee, who burst out impatiently during hearings on E.R.P. "We can't go on supporting these people for the rest of their lives.

Why is it our responsibility to raise their level of production above pre-war? It is not our obligation to restore all their foreign investments." Despite all the controls and restrictions with which E.R.P. bristles, it is still feared that "too much" aid may perchance lead to recovery of rival powers.

Still other motives for cutting down on Marshall Plan appropriations are revealed in the position of Senator Taft. In a speech in the Senate on the interim-aid bill (November 28, 1947), in which he urged the sum be cut drastically, the Senator declared that the billions of relief already extended by the United States were largely wasted, since they were used to "lift the standard of living" of the European people and in "Socialist experiments." He also reflected a growing concern among

monopoly and ruling circles over what he termed the “dissipation of United States resources” in many scattered parts of the world. According to him, the “only way there is going to be any progress against Russia will be by maintaining the economy of the United States in a strong position and one which is not subject to drains which are threatened if we go all out in a lavish distribution of American dollars throughout the world.”

Many make the mistake of confusing this position with old-fashioned isolationism. It is not that. Taft is afraid to take chances with the European Social-Democrats, who are being hard pressed by the workers. He wants to keep assistance at a level that will not permit Britain, the chief commercial rival of American imperialism, even the slightest chance of regaining some of her lost positions. He is afraid that too wide and too “generous” grants of American assistance would needlessly waste funds that should be used to expand the American military establishment at home and abroad.

#### *WESTERN WAR BLOC*

Still others are worried lest the Administration is slipping up on a golden opportunity to acquire more overseas bases in return for Marshall Plan funds. Thus, Senator Alexander Wiley, Wisconsin Republican, reminded General Marshall that places like Iceland and the Caribbean islands were there for the taking. Secretary of Defense Forrestal in Senate hearings linked the Marshall Plan so closely with a program for acquiring new overseas bases that it led to rather worried inquiries from abroad.

In fact, Marshall had to affirm officially that E.R.P. “does not provide for nor contemplate the acquisition of military bases.” But in the same official statement, the Secretary of State asserted there is no contradiction between the Marshall Plan and Forrestal’s view that new outlying bases were “essential to national defense.” Indeed, on the same day (January 17, 1948) it was announced that Britain had agreed to permit the United States to reopen a large air base at Mellaha in Libya, near Tripoli. This base commands the central and eastern Mediterranean, and is within 900 miles of the capitals of Italy, Yugoslavia, Albania, Bulgaria and Greece, not to speak of the approaches to the Black Sea. This was followed on February 2 by extension of the American lease on a military air base in the Azores, a possession of Portugal which is a Marshall Plan country.

Like the demand for an E.R.P. corporation, the request for bases in return for grants would reveal too plainly the real aims of the Marshall

Plan. As Marshall said in reply to Senator Wiley, "it is very important that nothing be introduced in that direction because it lends itself to violent propaganda efforts by those unsympathetic to this program." The general-diplomat is a tactful man.

As things progressed it became even clearer that E.R.P. is to be used to stimulate the formation of a West European war alliance, under control of the United States. On January 20, John Foster Dulles first proposed in connection with the Marshall Plan a regional defense pact, modeled after the Inter-American bloc. This was to include the "economic integration" (a term dear to all cartelists) of Western Europe through a monetary and customs union. The extent of aid to any country would then be measured by the degree of co-operation of that country with the United States within the bloc. Dulles proposed that these provisions be written into all treaties resulting from the Marshall Plan.

Two days later, in a foreign-policy review before Parliament, Bevin proposed organizing the "kindred souls of the West." Treaties with France and the Benelux countries – 'Holland, Belgium and Luxemburg – 'were to shape "an important nucleus in Western Europe." The Western Union would include Italy and all other Marshall Plan countries of Europe, together with their overseas territories. Thus, in Bevin's words, a bloc would result that would "stretch through Europe,-the Middle East and Africa to the Far East."

It remained for Churchill on the following day to define the purposes of the bloc with greater precision. Completely endorsing Bevin's policy as a continuation of his own, he also praised the United States for having "adopted to a very large extent the views which I expressed at Fulton [Mo.] nearly two years ago and [they] have indeed in many ways gone far beyond." Having connected the Western Union with his own warmongering tirade at Fulton, Churchill then urged Britain together with the "other Western democracies" to "bring matters to a head with the Soviet Government" so that a "settlement" could be reached before the Soviet Union had the atom bomb.

Many matters impinge upon a Western Union, such as rivalries between Britain and France, and between them and the United States. But the heart of the project was aptly placed by Herbert Hoover in a Washington Birthday address, when\* he endorsed the idea of a "military alliance" with a West European Union to assure allies for the United States in the next war.

The entire project officially became part of the draft legislation for the Marshall Plan. The Senate Foreign Relation\* Committee wrote the

provision for a Western Union into the Bill on February 12, Lincoln's Birthday.

Thus, as the Marshall Plan takes official shape, its terms and conditions show clearly that it is a scheme for domination of Europe and the colonial areas in Africa and Asia dependent upon West European countries. It has nothing in common with either relief or recovery. It is a war plan.

## V. WHOSE PLAN IS IT?

From the general aim down to detailed specifications, the Marshall Plan serves the special interests of the American monopolies. They have the Plan firmly in hand. A few examples will suffice to show how completely the great investment bankers and their industrial associates control it.

Among the men in the Truman Administration who play key roles in the Marshall Plan and make the decisions on policy are:

W. Averell Harriman, Secretary of Commerce; James Forrestal, Secretary of Defense; John W. Snyder, Secretary of the Treasury; and Robert A. Lovett, second in command to General Marshall in the State Department.

In private life, Harriman is a partner of Brown Bros., Harriman & Co., a leading investment firm, with important interests in Europe which were obtained after World War I. Forrestal is associated with Dillon, Read & Co., which has specialized in foreign holdings since the first war. Lovett also hails from Brown Bros., Harriman & Co. Snyder is a leading St. Louis banker, associated with a powerful group of mid-Western banking interests, with which President Truman was also closely associated throughout his political career.

Others who play a central role in the Marshall Plan are William S. Clayton, until recently Assistant-Secretary of State in charge of economic affairs, and Lewis W. Douglas, Ambassador to Great Britain. We have already seen how Clayton and Douglas, together with the Ambassadors to France and A.M.G. in Germany, dictated policy to the sixteen Marshall Plan countries at the Paris Conference. Clayton became head of the American delegation to the Havana international trade conference when he left his State Department post. This venture is also closely tied in with the Marshall Plan. Douglas is "general manager" for the State Department in seeing the Marshall Plan through Congress.

Clayton is head of the largest cotton export house in the United States, which also has important holdings in other cotton-producing countries. Douglas is connected with the Mutual Life Insurance Co.,

which is among the five largest insurance companies. Mutual ranks also among the leading capital investment houses of the country. Douglas' right-hand man is Paul H. Nitze, another investment banker.

In Western Germany, the pivot of the Marshall Plan, A.M.G. is well garrisoned by delegates from the most powerful financial groups. Major General William F. Draper, the American economic coordinator, was an associate of Forrester in Dillon, Read & Co. Under Draper, in various supervisory posts controlling the German economy, are men from Republic Steel Corporation, General Motors, Anaconda Copper, Socony-Vacuum (foreign subsidiary of Standard Oil of New Jersey), and others.

The close ties between the generals and the corporations are suggested by the fact that Draper and Forrester both come from the same banking investment firm. General Lucius D. Clay, military governor in Germany, is noted for his faithful adherence to the Hoover line. His special assistant is Colonel Frederick L. Devereux, a former official of American Telephone & Telegraph Co. His chief controller for the bi-zonal areas is A. S. Barrows, president of Sears, Roebuck Co.

The Harriman Committee, which supplied the detailed plan embodied in President Truman's message to Congress, is dominated by Big Business. Among its members are Owen D. Young of General Electric, W. Randolph Burgess of National City Bank, John L. Collyer of Goodrich Co., R. R. Deupree of Proctor & Gamble, Paul G. Hoffman of Studebaker Corp., Hiland Batcheller of Allegheny-Ludlum Steel Corp., Granville Conway of Cosmopolitan Shipping Co., and Robert Koenig of Ayrshire Collieries Co.

With these and other representatives at the key points the corporations will not miss a single opportunity to achieve their specific objectives through E.R.P. While the government (that is, the taxpayers) shoulders all the risks and financial obligations, the corporations will extend their holdings abroad and seize control of basic sectors of the economy in other countries. The grants and loans under the Marshall Plan will take care of the risky part of the venture, while private capital will step in only when the pickings are assured. According to the data submitted by the White House to Congress, the government is expected to provide \$17 billion in four years, while loans from other countries in the Western Hemisphere together with investments through the World Bank and by private capital will amount to another \$4 billion. Thus, at this stage, government will carry the major burden, while private capital will step in only where it is assured immediate advantages and its profits are guaranteed.

The Marshall Plan is designed to clear the way for private capital investment, to remove the political obstacles that stand in the way of profitable operations by the trusts, and to gain control of the key agencies (as in the Ruhr) for the benefit of the corporations. In his message to Congress the President shows this perspective clearly:

“As economic conditions in Europe improve and political conditions become more stable, private financing can be expected to play an increasingly important role. The recommended program of United States aid includes provisions to encourage private financing and investments.”

In discussing financial arrangements for the Marshall Plan the President makes his meaning even clearer. He gives two reasons why the greater part of E.R.P. should be in grants rather than loans. And it will be noted that when the talk turns to serious matters such as finance and profit, humanitarian words about relief vanish. The first reason for keeping the loans down is that borrowing countries would have to plan for much higher levels of export in order to pay interest on the loans and provide for future repayment. This would supply greater competition on world markets to the American monopolies. The second reason is that the revival of private financing, which is one of the acknowledged aims of the Marshall Plan, would be retarded if the receiving countries have to meet great debt obligations. For in this case it would be more difficult for the American monopolies to realize the profit from their investment in the form of imports of goods from these countries, if these are to go in the first place to payment of interest and amortization of government debt. In other words, the American people are to pay through taxes and high prices for a program of expansion abroad in the interests of the monopolies, which are relieved of the initial risks.

The relation between private investment and government advances under the Marshall Plan is of course a key question. It is also a touchy one, about which there is not likely to be too much publicity. But in a rather brash column Arthur Krock lets us in on a scheme being discussed by Marshall Plan strategists for private loans to specified industries abroad. These loans would be guaranteed by the United States government, and allocated and supervised by the E.R.P. authority. The industries thus aided would give their notes or shares to the lender. Krock quotes directly the views of “an outstanding counselor of government on these questions” as follows:

“In order it may not appear that the United States is opposed to the socialism of Britain, let us say, a contract should be made that, in case the British Government takes over any industry, it will have to pay

back the loans advanced in dollars” (*The New York Times*, December u, 1947).

Since dollars will continue to be scarce abroad the British government would be unable, even if it so desired, to nationalize the industries in which the American monopolies have invested under the Marshall Plan. Leave it to the cartel politicians to draw the strings tight and fast!

### *OIL IMPERIALISM*

Other specific interests of the American monopolies are well taken care of at the expense of European recovery in the E.R.P. project. This is immediately apparent with respect to certain industries, such as oil, steel and shipbuilding.

The oil monopolies, always in a specially privileged position in the State Department, are to benefit in a number of ways. The project provides that some Marshall Plan funds be utilized to procure certain materials abroad for Europe. This includes financing purchases of food from other countries of the Western Hemisphere, which, incidentally, would facilitate further colonization of the Latin American economy by the trusts. It is also specified that all oil requirements be provided from foreign holdings. This means first of all from the greatly expanded American-owned oil fields of the Middle East, where the oil corporations are looking forward to complete command of the European market. The projected pipeline running from Saudi Arabia to the Mediterranean is designed precisely for this purpose.

According to the Marshall Plan the oil companies are also guaranteed control of crude-oil refining in Europe, at the expense of competing British, Dutch and French interests. The E.R.P. project allows for the export of oil-refining equipment to supply the American-owned refineries in Europe, allocating one and one-half billion dollars' worth of Marshall Plan exports. This is three times the amount requested for oil equipment by the West European nations of the Paris Conference, one of the rare instances in which the import demands of the Marshall Plan countries are increased. In addition to this, the E.R.P. proposals, based on the schedules of the Harriman Committee, would guarantee American' oil investments in Europe to the tune of \$850,000,000 for a period of 14 years. Rarely has a Big Business interest abroad received such open and complete backing in a “relief” project.

The interests of the steel trusts are also served directly by the Plan, but in a different manner. In the propaganda accompanying the launching of the Marshall Plan a great deal of emphasis was placed upon the need of the European countries to help themselves by increasing pro-



duction. But in order to increase production in industry and mining as a whole they would have to increase the capacity of their basic industries and obtain the equipment necessary to expand production. In their report the prospective Marshall Plan countries, projecting an expansion of their own steel industry, requested new equipment from the United States to the value of \$400,000,000. The E.R.P. schedule cuts this by more than half. The West European countries also requested crude steel and scrap iron to increase their own raw steel production, and semi-finished steel for manufacture in Europe. The Marshall Plan as presented to Congress provides for only one-third of the crude steel requested by the Paris Conference, offers no scrap from the United States, and only very little semi-finished steel. On the other hand, the Administration offers to export *three times more finished steel* than was requested at Paris.

The American steel trusts refuse to utilize their full capacity, which according to the Krug Committee would supply the additional six per cent of production required to meet the schedule of the Paris Conference. Now E.R.P. would also withhold the materials needed for the expansion of the steel industry in Europe. Instead it offers finished steel products, so that the American steel trusts can expand their position in the European market, at the expense of European industry.

Another typical case of how E.R.P. proposes to attain "recovery" in Europe by retarding European industry is the President's proposal with respect to shipping. It is conceded that one of the main problems of supply to Europe is to provide sufficient shipping. E.R.P. proposes to solve this problem by turning over hundreds of cargo ships from war surplus, which in itself would be helpful as an immediate measure. But this is linked with provisions which amount to practically dismantling the European, and especially the British, shipbuilding industry. As the President put it in his message to Congress, "the sale or temporary transfer of ships should be linked with the reduction or deferment of the proposed shipbuilding schedules of the participating countries."

In holding back rather than encouraging the development of European industry the President's proposals carry forward in full the policy of the Harriman Committee. Harriman's Big Business group objected most strenuously to the expansion of production on even the reduced scale outlined by the Paris Conference of the Marshall Plan countries. It demanded a scaling down of their plans for new plant construction and industrial expansion and also of housing construction.

Although these countries would need to increase their exports over pre-war levels at least by 30 per cent to acquire the raw materials and

food they need from each other and from other countries, the Harriman Committee objected that their export targets were too ambitious, and demanded that they<sup>^</sup> also be scaled down. They were accused of an attempt to “engineer a postwar boom of gigantic proportions” – ‘a strange charge from a country whose own postwar inflated boom continues to pile up huge profits for the trusts. Are only the Americans privileged to enjoy a boom, while even the modest production levels envisaged by the brow-beaten Marshall Plan countries are considered unwarranted interference with the monopoly plan to dominate European economy?’

### *TIGHTENING HOLD ON WESTERN HEMISPHERE*

While the Marshall Plan is directed specifically to gaining control of Western Europe, its operation is also intended to extend the sway of the American monopolies over the colonial and semi-dependent world. We have already seen how sources of raw materials in the colonies are involved. Other provisions for the purchase of food and raw materials to be sent Europe would facilitate the further penetration of Latin America by American capital.

Grain, fats, oil, sugar, nitrates and other products are to be shipped from Latin American countries, and also from Canada. These are to be financed by the United States. In itself, this provides the American expansionists with an additional lever to impose their economic policies upon the other American Republics. Many of these products – ‘like nitrate, sugar, oil and minerals – ‘are in any case monopolized by United States firms in Latin America.

How Marshall Plan financing may be used to benefit the North American monopolies in other ways was indicated by Carlton A. Barrett, head of a leading firm of industrial engineers, in testimony before the Senate Foreign Relations Committee (January 30, 1948). He proposed that the financing of shipments to Europe from Latin America be tied in with exports of industrial machinery and equipment to Latin America by private engineering and manufacturing firms in the United States. These firms would be paid in dollars by the United States government, and these sums would be charged up against the Marshall Plan. Instead of receiving dollars for their exports to Europe, the Latin American countries would have to receive capital goods from the United States at prices fixed by the monopolies and for purposes to be determined by the monopolies with interests in Latin American countries.

In the scheduled Inter-American Conference at Bogota in March projects like these will be pressed by the United States, •with the aim of

removing every restriction in the Western Hemisphere to the expansion of the trusts. Purchases under the Marshall Plan will be utilized for this purpose.

## VI. THE RUHR ARSENAL

If development of the West European countries is to be held in check, there is noticeable quite a different approach toward Western Germany. Beginning with the Harriman Report and running like a thread through the State Department documents on E.R.P., the crux of European recovery is seen as the revival of the Ruhr industries.

The Harriman Report stresses especially the need to restore coal production in the Ruhr as a means of reviving German steel and other industries, and not primarily for export. Although the Marshall Plan nations were at first given public assurance of controlling the disposal of American aid, the Harriman Committee objects to the allocation of funds by the Paris Conference report. It suggests a major shift of funds in favor of Germany.

### *PRIORITY TO GERMANY*

And this suggestion is fully honored in the schedule of proposed credits and grants presented to Congress by the State Department in connection with the Administration bill. The allocation of funds under the Marshall Plan for the six leading countries is given as follows (15 per cent of these funds are to come from other Western Hemisphere nations and from the World Bank):

Britain, \$5,348,000,000; France, \$3,701,000,000; Italy, \$2,913,000,000; German Bizonia, \$2,499,000,000; Netherlands, \$2,436,000,000; Belgium-Luxemburg, \$1,419,000,000.

From this list it would seem that Western Germany holds fourth place, coming after Britain, France and Italy. But if to the sum proposed under the Marshall Plan is added the outlay for food and relief appropriated as part of the War Department funds, *Bizonia would take first place*. As the result of the Anglo-American agreement for the administration of the merged zones in Germany the United States undertakes by far the major share of expenses. This is estimated by the War Department and also by the Harriman Committee at one billion dollars annually, or four billion for the period of the Marshall Plan. The total outlay by the United States government for Western Germany would therefore be \$6,499,000,000, exceeding the sum allocated for any of the West European countries. Actually, it would be even higher. In the total advance scheduled for France provisions for the French zone in Ger-

many are also included. Private American investments will flow primarily into Germany.

These vast sums for Germany are to be applied to the revival of the basic and most highly trustified industries of the Ruhr – ‘industries that constitute the essential war potential of Germany. The State Department schedules an immediate increase of coal, steel and chemical production of the Ruhr. These are also the industries in which the American monopolies hope to obtain dominant control, although the German, British and French would no doubt serve as cartel partners.

The Republican Herter Committee of the House of Representatives in its own recommendations (which run fairly close to the Administration proposals on these questions) says: “Unless European, and particularly German, steel and petroleum equipment capacity is brought into early and all-out use, there is danger of a persisting world shortage....” It recommends that German steel ingot production be increased through the use of the rich iron-ore of Sweden, as before the war. It opposes the dismantling of German mills, especially sheet or strip mills, for reparations. It wants to insure the fullest use of the steel pipe-making plants, to supply oil transmission lines for American petroleum from the Middle East. And while urging the fullest use of German capacity in this and other branches of industry, it adds:

“In this connection, a review of the major steel expansion programs under way in the United Kingdom, France and several other nations appears most appropriate. Such programs are large consumers of home-made steel as well as of scarce equipment to be supplied by the United States.”

Down with French, British and Belgium-Luxemburg steel production! Up with German production! This is the theme of all versions of the Marshall Plan.

In practice the delivery of reparations from the Western zones has already petered out. All told, according to the Inter- Allied Reparations Agency, only 79 million German marks worth of equipment has been delivered – ‘an insignificant portion of the amounts promised under the preliminary reparations agreement. For example, only 227 German merchant ships have been transferred, but of these 102 were turned over to the United States and Britain, while 16 other nations received 125 ships.

Dismantling of war plants has ceased. The Allied Control Council in Berlin recently revealed that in the British zone only 24 of the 284 war factories were dismantled, and in the American zone not a single one of the 117 plants scheduled for reparations was torn down. Tank

plants, aircraft factories, munitions works, underground chemical and strategic materials plants, submarine yards and other war industries stand ready for use. The revival of the coal, chemical and steel industries, as planned by E.R.P. would again make it possible to provide these war plants with the necessary materials. The Ruhr would be preserved as the arsenal of Western Europe.

### *BLUEPRINT FOR CONQUEST*

The inner objectives of the Marshall Plan with respect to Germany, as well as the close connection between the monopolists and the military, is clearly revealed in a book by Lewis H. Brown, chairman of the Johns-Manville Corporation, an affiliate of Morgan 8c Co. Entitled *A Report on Germany*, the book was published in the fall of 1947, on the eve of the ill- fated London Conference of Foreign Ministers. Brown had been invited by General Clay to visit Germany and prepare a report for the War Department. Brown's listing of the people interviewed by him in preparing this report is a roster of reactionary political leaders and cartelists of America, Britain, Germany, France, Sweden and Switzerland. Before appearing in print, the report was circulated for months in the government departments and among the leading personnel of the American Military Government in Germany. It achieved the status practically of an official directive.

This book reveals that the plan to rebuild Germany as an American base in Europe has for a long time been dear to the heart of the United States monopolists and top military circles. For example, Brown relates how in the spring of 1942 the "geopolitical section" of the American General Staff called together a group of industrialists to help obtain information for the strategic bombing of Germany.

Another problem placed before this group was what to do with Germany after her defeat. It proposed to the General Staff that the postwar policy be based on the proposition that "an industrial Germany was essential to the prosperity of Western Europe" (note *Western*). These assembled industrialists proposed by way of "security" only two measures: to eliminate munitions plants and to establish a small inspection control staff to supervise strategic materials. According to Brown, this would suffice to prevent "Germany from preparing for another war," while "it would permit her to perform her essential economic function as the industrial heart of Western Europe." This policy was accepted by the American General Staff in 1942. It has remained its working policy in Germany ever since (with the exception of disman-

ting munitions plants), notwithstanding the provisions of the Potsdam agreement for demilitarization, denazification and decartelization.

Naturally Brown thinks the Roosevelt policy was a great mistake, especially his agreement with Stalin and Churchill at Yalta in February, 1946, on the main outlines for a postwar German settlement. He considers it a great calamity to have “permitted” the Soviet armies to reach Berlin at all, and holds that the key mistake of the war was to have invaded Italy instead of Yugoslavia, so as to cut the Red Armies out of Europe entirely.

According to him, Roosevelt topped off his record of mistakes by refusing to accept “a surrender of what was left of the only political regime that could hold together any semblance of political structure in Germany.” He refers, of course, to the shadowy neo-Nazi cabinet of Admiral Karl Doenitz which begged for Anglo-American recognition after the capture of Berlin by the Russians. Potsdam, naturally, was another mistake. On the other hand, the speech of Byrnes at Stuttgart was praiseworthy because it broke with the Potsdam agreement and announced the permanent partition of Germany, although Brown thinks Byrnes did not go far enough.

This is enough to indicate the pro-fascist emphasis of Mr. Brown, whose report now serves as a kind of blueprint for American policy in Germany. It ranks with such works as Hitler’s *Mein Kampf* and Baron Tanaka’s *Memorial* on the conquest of Asia.

#### *A NEW CARTEL NETWORK*

Brown goes on to advocate the most rapid possible revival of Western Germany, with the aid of the men responsible for Hitler. “The industrial leaders, who have spent their lives coming up in the industrial machine, are the only ones that know how to make it work,” he writes. These are the men “with brains,” the men who worked for Hitler and should now be put to work for Mr. Brown’s cronies. This passage is worth quoting:

Practically everyone with brains in Germany served the Nazi program and the German war effort in some capacity. One cannot run a war without brains. The Nazis learned that early. Likewise, one cannot run a peacetime economy without brains. It is time we learned that. The brains of Germany are today, by and large, no longer in places where they can be of any use to German recovery, which is today, world recovery.

Hand in hand with restoring to power the old cartel leaders of Germany, Brown would also restore the entire monopoly- cartel network. He proposes direct loans to German industrialists. And to assure free reign for the American monopolists within this set-up, he urges the rapid breakdown of “Schachtism” – ‘the intricate system of controls developed by the German monopolies, especially under Hiller, to guarantee their domination over the German economy. To restore the cartel system, under the aegis of the American trusts, he would permit the German businessmen free exit to re-establish their contacts abroad. He would encourage barter between industrial companies in and out of Germany. He would return all patents and trademarks to Germany. And he proposes the following steps:

Contracts of German firms with firms of foreign countries to utilize the latter’s sales agencies and facilities as a means of getting products flowing quickly.

Partnerships of industrial companies from other countries with German firms in order to help supply capital, distribution facilities abroad and raw materials necessary to the revival of German industry.

A more open confession of the real aims of American monopolists in Germany is hardly possible. This is a plan for the restoration of the monopoly-cartel system that brought Hitler to power. The main difference is that the American monopolists hope to use the German cartel-masters to establish their own domination over Germany and Europe. Mr. Brown proved even more outspoken in a speech before a convention of oil corporations in Chicago on November 13, 1947, where he said:

*“We can take payment [for the Marshall Plan] in ownership of European industry. For instance, American private investors could buy stock in, or bonds of, European industries.”*

Mr. Brown is not satisfied with merely building up the monopoly position in Western Germany. He wants to restore the dominant imperialist position of Germany in Europe. The restoration of the cartel system, with the American monopolists holding the strings, is one way he hopes to do this. Within this framework (and not by reparations, of course) he urges the immediate increase of exports of basic producers’ goods from Germany. This, according to Brown, is “the key prescription to cure the most fundamental portion of Germany’s complex ailment” – ‘the partition of Germany and the loss to the Ruhr of the food and raw material resources of Eastern Germany. The restoration of a

united democratic Germany as the cure to the “ailment” is naturally the very thing he wishes to avoid.

According to him, German exports would be built up until they *double the pre-war level*. The Marshall Plan “cannot succeed until such a basic change in fundamental policy is made” as will permit attaining these goals. The Ruhr is to be turned into a vast branch agency of the American corporations which will seek to dominate the European economy from the German heartland, through the cartel system and through the exports of producers’ goods.

Thus Germany is to be built up at the expense of other West European countries, especially Britain and France. Indeed, Brown tells Congress that it should not appropriate funds under the Marshall Plan for these countries unless they accept the American monopoly plan for Germany. Nor should Britain get aid unless she agrees to the “postponement of further nationalization.” And France must agree to merge her German zone “into an integrated Western Germany,” besides accepting the superior position of West Germany.

In fact, according to Brown, France must give up any hope of receiving coal from Germany for her own blast furnaces. Not a ton of coal is to be exported from Germany, for all of it is to be used to power the Ruhr arsenal. Instead the French need for coal is to be exploited to restrict British steel production and to gain control of British coal mines and exports. His plan calls for increasing British coal production not for use in British industry but for export to France. This is to be done by tempting the British miners with specially allocated American rations. In return for this Brown tells the British miners that they must work six days a week instead of five.

### *THE ERSATZ STATE*

As for the political program, Brown follows the general policy outlined by Byrnes in his book, *Speaking Frankly*. The complete merger of the French with the Anglo-American zones into a West German state is to be followed by a separate peace. For Operation Monopoly he proposes a form of organization “patterned after the S.H.A.E.F. operation” that resulted “in the victorious invasion of Western Europe by the Allied Armies.” In fact, the “ersatz” state set up in the combined Anglo-American zones after the failure of the London Conference is described by correspondents in terms identical with the military terminology of Mr. Brown.

It is remarkable how closely this “ersatz” state follows the political prescription given by the Chairman of Johns-Manville Corporation. To



achieve the aims of monopoly it is necessary to guard against the growth of the labor and democratic movement in Germany. Brown understands this very well. In fact, he sounds as if he had received his basic training in the school of Hitlerism. He opposes the election of a government by popular mandate, since the next five years "are to be critical years insofar as the threat of Communism is concerned." Instead the government is to be formed entirely from the bizonal Economic Council and the officials of the State Councils. This body will "carefully select" the government officials of the Western State. Perhaps later "two-party" elections would be permitted, one party representing the men in power, and the other the "outs," in typical tweedle-dee-tweedledum fashion. Education? It is necessary that "the longer range problem of the re-education for democracy be clearly established as a secondary objective."

Naturally, this policy must be backed with force, for that is the only way it can be carried out. It is necessary to have a "firm determination to back our policy with force. Unless we are thus determined, we should not start what we are not determined to finish and should not waste more money on a venture that cannot succeed unless we go at it as we did the winning of World Wars I and II."

And this he terms the "middle way," as between isolationism and going to war. He counts heavily on the atom bomb to "restrain" Russia. In any case, says Mr. Brown, "We must prevent or win World War III."

This is the so-called policy of the "calculated risk" – 'risking even war to obtain the objectives which are dear to the American monopolists.

Philip D. Reed, chairman of the General Electric Co., placed the matter just as succinctly in his testimony on the Marshall Plan before the House Foreign Affairs Committee. He said:

"This is war, gentlemen, economic and political war, and the cost of war is importantly affected by what moves the enemy makes and what we must do to counteract them." (*The New York Times*, January 28, 1948.)

And this also is the underlying policy of the Marshall Plan, whether its final version be the E.R.P. program as presented by the Administration or E.R.P. as amended by the Republican Herter Committee.

## VII. CRISIS OF CAPITALISM

As a program for recovery the Marshall Plan is doomed to failure. It will produce the opposite result. It will deepen the crisis in Western Europe and thereby hasten the depression in the United States. The lim-

ited effect of the volume of exports in helping maintain production here will be more than offset by the effects upon our economy of the crisis abroad.

### *BLOCKS RECOVERY*

Even the official version of the Marshall Plan admits that the standard of living in Western Europe by 1952 will be well below that of 1938. The London *Observer*, a leading journal, predicts that under the Marshall Plan pre-war production levels cannot be restored until 1960. In fact, the Marshall Plan takes every possible step, in the name of recovery, to see to it that the European standard of living is drastically reduced. While cutting down the estimates of food imports, fertilizer and farm machinery of the Paris Conference by one-sixth to one-half, it also would hold back the development of industry in the Marshall Plan countries, making it impossible for them to increase their exports sufficiently to obtain the necessary food and raw materials.

Every major provision of E.R.P. blocks recovery.

E.R.P. forces receiving countries to surrender various controls and regulations that would protect their own industries from the competition of the American monopolies. It forces them to turn over valuable raw materials needed for their own industries to the United States. It tells them in effect that they shall not nationalize industry or take other similar measures to overcome the long-range deterioration of their economy.

E.R.P. gives the United States a leading voice in control of currencies in the Marshall Plan countries. Together with the bilateral agreements, this commitment gives the United States a voice in domestic policy on wages, prices, labor, reconstruction and composition of the governments. The receiving countries are being told to deflate – ‘to keep wages down and prices up. These arrangements make the so-called dollar shortage even more severe. For the most part the Marshall Plan countries will be forced to trade increasingly in the dollar area, to which they can hope to send only a small part of their exports.

E.R.P. forces the receiving countries to scale down considerably their plans to expand industry and to build new houses. Considerable recovery achieved during the first two postwar years – ‘from 85 to 95 per cent of the pre-war level in France, Belgium and the Netherlands – is now directly menaced by the Marshall Plan.

E.R.P. gives Western Germany priority over all countries of Western Europe. It recreates the old rivalry between German imperialism on the one side and British and French imperialisms on the other. And this occurs to the marked disadvantage of both Britain and France. The

Ruhr industries are to be restored with the latest techniques by American capital, while the British and French industries are to be retarded. The Ruhr is to become the central base of the American trusts in Europe, reviving the cartel structure, and again menacing every European country and world peace.

E.R.P. is a weapon of division. A Marshall Plan curtain has been thrown across Europe, organizing Western Europe against Eastern Europe. It is erected upon the partition of Germany, and it is aimed to perpetuate that division, preventing a united democratic Germany. E.R.P. has become the principal weapon for splitting the trade unions in the Marshall Plan countries and also in the United States. It is being turned against the World Federation of Trade Unions in an effort to split that world body.

E.R.P. carries the Truman Doctrine forward into France and Italy. Its "middle of the road" supporters, like the Right-wing Socialists, by joining in the holy crusade against Communism, are paving the way for the extreme Right to come to power. E.R.P. encourages fascism. It helps to incite civil war in France and Italy, just as the Truman Doctrine has spread civil war in Greece and just as American aid flows to Chiang Kai-shek's war against the Chinese people.

E.R.P. cannot bring recovery. It operates in the direction of fascism and war.

E.R.P. cannot solve the deep crisis that now afflicts capitalism in Western Europe. The Marshall Plan is a supreme effort on the part of American imperialism to save bankrupt capitalism in Europe. It offers the people only continuing and even greater austerity. It deprives them of their national independence. Already the Marshall Plan countries have surrendered their independence in foreign policy. They have had to accept interference by the United States in their domestic policies. The political and economic measures of E.R.P. would render them semi-dependent appendages of American imperialism.

#### *WEAPON OF NATIONAL BETRAYAL*

The countries of the Marshall Plan, wracked by internal crisis of the system and faced with a colonial crisis which they can no longer solve, find it more and more difficult to maintain their independence as nations on the basis of capitalism. Their ruling circles turn to the United States to help them save capitalism, and thereby betray their nations.

It may be asked why, if the Marshall Plan subordinates the capitalist combines of Western Europe to the American trusts, the ruling circles of these countries accept the Marshall Plan. One may as well ask

why the dominant ruling circles of France and other countries sabotaged the struggle against Hitler Germany during the war and then accepted an inferior position within Hitler's "New Order." The 200 families of France and the monopolists of Britain today deliberately choose "junior partnerships" with the American trusts in the hope that they will succeed in preserving capitalism and in assuring for themselves a sizable share of the profits to be obtained from exploitation of the people at home and in the colonial world. This is a deliberate move to stave off the basic changes in their social system which alone can solve the crisis and preserve the independence of these countries.

If the countries now victim of the Marshall Plan are to regain their independence and achieve recovery they can do so only by moving forward toward socialism. The Communist Parties of these countries lead the workers and the forces among the people that reject the perspective of a colonial status. They therefore resist every move of their own ruling circles, and of the Right-wing Socialists, to tie their country to American imperialism. For this reason the main fire of the American imperialist propaganda is directed against the Communists.

These countries can solve their problem only as they resist domination by the imperialists of our country and only as they move toward a socialist solution. This is the way the peoples of the old Russian empire solved their problems after World War I. After World War II seven nations of Eastern Europe can now move forward toward rapid reconstruction and development because they also made the turn toward a socialist solution, although in a different manner than the Russians did in 1917, and in accordance with their own specific historical tradition and prevailing conditions. And today the American imperialists are attempting to build up a reactionary bloc in Western Europe not only to stem the transition of these nations to socialism but also to blockade and isolate the Soviet Union and the new People's States of Eastern Europe.

The peoples of Western Europe are not to be blamed if they rebel at the prospect of a living standard in 1952 – 'after the tribulations of the war and postwar years – 'even below the sustenance standards of 1938. They draw their own conclusions from the contrast between the perspective of rapid growth in East Europe and of continuing decadence in the West.

Some wisecracks try to present the basic contrast between capitalist decadence and socialist progress by comparing the Soviet Union and the United States. In many respects, but only temporarily, pending the outbreak of an economic crisis, some sectors of the American workers

no doubt enjoy a more luxurious living than the majority of the Soviet workers. For that matter, even greater differences can be shown with respect to practically every other country as compared to the United States. We should be ashamed to make such comparisons and gloat over them. The Soviet Union embarked on industrialization only twenty years ago, with the first Five-Year Plan. The speed and extent of progress within this short period exceeds anything in world history, including our own.

While the Soviet Union and most of Europe was laid waste in two world wars within three decades, our country was untouched and we enriched ourselves during both wars. Today our country still lives off the fat of the war years, and exploits the misery of the world to still further enrich itself. With our well-stocked larder and accumulation of luxuries, such as the people of Europe have not seen for years, our Marshall- planners have the effrontery to dictate to the European peoples that they shall live for years to come an austere life of bare existence, because bankrupt capitalism can give them no more, and they must not change the system.

Indeed, what point is there in telling the peoples of Western Europe that we live a more luxurious material life than the people of the Soviet Union, when they have not even the slightest chance under the Marshall Plan of attaining the steady improvement and the security enjoyed by the Soviet peoples? Moreover, our own glittering standards are not half what they are cracked up to be for the largest sectors of our population. Even our better-paid workers and more prosperous middle-class people are wondering how soon they will lose all in the next crash.

### *DECADENCE VS. PROGRESS*

The real contrast as it is felt in Europe is to be found elsewhere. The people of once-powerful countries like Britain and France are eating less and less, and living worse and worse, while the peoples of the Soviet Union are eating more and more and living better. Above all, the contrast is to be seen in the sharp difference in perspective. By 1952 in Britain and France the standard of living will be lower than before the war. By 1950 the Soviet Five-Year Plan will result in production levels half again as high as before the war, despite the destructive holocaust of the German invasion. Living standards will be correspondingly higher. Even by the end of 1947, only two years after the war, production levels were up again to 1940. Rationing was ended. Food became easily available in plentiful quantities, while rationing continued in Britain and food became even scarcer.

A more immediate contrast is presented in the difference between the new democracies of Eastern Europe and the Marshall Plan nations. The former are no small part of Europe. The populations of Yugoslavia, Poland, Czechoslovakia, Romania, Bulgaria, Hungary and Albania are about equal to the combined population of Britain and France. The territory of the new democracies far exceeds the land area of Britain and France. The East European countries were for long virtual colonies of the West European powers. They lag far behind Western Europe economically. But today they have achieved independence. They are reconstructing at a pace that within a relatively few years will transform them into industrial countries on a modern and a socialist basis.

Contrast the Marshall "four-year plan" with the Yugoslav Five-Year Plan. We have already cited the opinion of the London *Observer* that under the Marshall Plan, Western Europe cannot hope to attain the pre-war level of production until 1960. The Yugoslav Five-Year Plan schedules for 1951 a *five-fold rise* in industrial production as compared with 1939. By then agricultural production is to increase by one and one-half times. The national income will be twice as high as pre-war. The supply of retail goods to the population will be doubled. Is this only a Utopian plan, or does it have a solid foundation in reality? The results of the first year of the Plan show that it has been over-fulfilled.

Yugoslavia was a battleground during the war. If it is possible for the six federated nations of Yugoslavia to fulfill such colossal tasks of reconstruction and development it is because it is a People's State. It is because of the basic changes in the social system made possible by the victory of the National Liberation Front, led by the Communists.

In practice, the Marshall Plan is accompanied by a virtual boycott of Eastern Europe. The United States is cutting out the export of vital machinery and material to these countries. The effect of the Marshall Plan is also to hinder trade relations between Eastern and Western Europe, because of the hostile political bloc it seeks to form in the West, and because the Marshall Plan countries will be tied closely to the monopoly and "free enterprise" policies of the United States.

Here is another fatal contradiction in the Marshall Plan. Even the restricted goal of a lower-than-pre-war standard of living in 1952 is based on the supposition that the pre-war level of trade between Eastern and Western Europe will be restored. But in practice, the Marshall Plan operates against East-West trade, to the detriment in the first place of the Marshall Plan countries.

For the East European countries, as the Soviet Union has proved during the past three decades, will proceed with their own develop-

ment, regardless of a boycott. They depend primarily upon their own resources and especially upon the great popular energies released by the social changes. In fact, each People's State of East Europe is in a far more favorable position than the Soviet Union during its early years. These states do not stand alone. A large and resourceful country that has already achieved socialism supports them. They are able in many ways to co-operate with each other in the exchange of necessary products, of techniques, and in common undertakings.

A boycott against them will do more harm in Western Europe than in the East, for the Western countries need many of the materials available in the Danubian countries. They need markets for industrial products, in return for which they can obtain food. Shutting out Eastern Europe from the economic life of Europe as a whole will sharpen the crisis in the West, just as the boycott against the Soviet Union between the two world wars had the effect of deepening every succeeding economic crisis in the capitalist countries.

And the sharp economic rivalries among the major powers in the West, especially between the United States and Britain, will become even sharper for they will operate within a much narrower orbit. This conflict will be intensified by the effort to build up Western Germany. The announced objective of Anglo-American policy is to make the combined German zones self-sustaining by 1952. It is planned to increase the exports of bizonia seven times in five years, over the present level, while receiving only a small increase of imports.

Where are these exports to go? It is roughly estimated that about one-third of all exports and imports of West Germany before the war were with Eastern Europe, including the Eastern zone of Germany. Since the Marshall Plan will operate to cut down East-West trade, these exports will have to be absorbed in the West European trading area. This can be done only at the expense of West European industry, and also at the expense of domestic production in the United States.

The Marshall Plan operates against recovery in Western Europe and the world. It cannot even assure a short period of stability at a lower economic level, as was the case with the Dawes Plan and the reigning policy after the first war. But the effort to carry out the Marshall Plan hastens the economic crisis at home, and increases the danger of war and fascism.

## VIII. A WAR ECONOMY

The effects of the Marshall Plan upon America are disastrous.

In Congressional hearings on E.R.P., Secretary of State Marshall, Secretary of Defense Forrester, Secretary of the Army Royall and others stated that if the Marshall Plan were not passed the United States would have to become an armed camp. This argument is a blind. We are threatened by no one. Besides, we are becoming an armed camp even with the Marshall Plan. For the main policy underlying the economic and political aggression of the Marshall Plan is that it must be backed with force.

### *THE WAR BUDGET*

The President's budget message to Congress in January, 1948, presented less than a month after the Administration's message on the Marshall Plan, sets the pace for a war economy. Almost \$12 billion (including atomic armaments), or 30 per cent of the entire budget, is scheduled for direct military expenditure. This provides for a bigger air force. It is to be devoted, in the President's words, to equip "small, highly mobile tactical ground forces, as well as occupation troops and their support." It includes universal military training. The present fleet, which is larger than all other fleets combined, is to be maintained at near wartime strength, with an enlarged air wing. Manufacture of atom bombs and experimentation in new weapons are to be expanded.

Together with over \$7 billion asked for the Marshall Plan and other foreign ventures in Greece, China, Korea and elsewhere, half the budget is devoted to warlike activities.

But these are only minimum requirements. They are only first installments. Military expenditures in the following years are to be even greater. The President's Air Policy Commission headed by Thomas K. Finletter, calls for building up a long-range air force, capable of dominating all world industrial centers, especially those of the Soviet Union. This will cost \$24 billion during the next four years, over and above what would be spent at the present rate on the Army, Navy and Air Force.

According to Walter Lippman, military costs for the five years 1948-1952 will reach \$75 billion, not counting additional billions for universal military training, production of new weapons, industrial mobilization, and the maintenance of an expanding network of bases around the world (New York *Herald Tribune*, January 15, 1948). Hanson W. Baldwin, military expert of *The New York Times* (January 15, 1948), estimates that the annual military outlay will reach \$18 billion by that time, not counting extras like conscription, enlarging the National Guard and the Reserve Corps of the Army and Navy, doubling



output of the atomic arsenal, new military construction and other items. In the next five years the United States with present plans is likely to spend at least \$100 billion on armament.

This is already a long step toward a war economy. The direction in which we are going is also shown by the preparations now being made for the mobilization of industry on a war basis. T. J. Hargrave, chairman of the Munitions Board, told a recent convention of the National Association of Manufacturers that 6,000 plants had already been allocated for war production in case of an "emergency," while 16,000 more were being processed by the armed services (*The New York Times*, December 6, 1947). In early January, 1948, a large group of big industrialists were called together by the National Security Resources Board to advise the government on measures for the mobilization of industry for war. Underground war plants are being built. Sixty munitions plants are in standby condition ready for production overnight, while 70 more are at hand. By mid-1948 it is planned to have a stockpile of strategic materials worth a half billion dollars. About 600 industrial reserve units of personnel are ready to be called into active service by the Army, while 2,000 more units are to be organized during the year. Never before in peacetime has our country prepared so actively for war.

The heavy armaments burden is one of the main factors contributing to inflation. For with the government spending so much for military purposes the ratio of war production in industry is increasing. If to these expenditures are added the growing portion of military goods exported under the Marshall Plan and other "foreign aid" programs (as to China,

Greece and for standardization of arms in Latin America) it is obvious that we are producing more and more war goods. A growing portion of our production, therefore, is diverted from civilian markets, where continuing shortages contribute to maintaining high prices.

Effects of the Marshall Plan abroad also increase inflation at home. For, as we have seen, it is directed toward retarding the industrial development of the Marshall Plan countries, and to checking production especially in those branches competing with the American monopolies. Thus, it perpetuates scarcity abroad, and prevents these countries from overcoming vital shortages through their own productive efforts. Products that they could grow or produce, or obtain in return for exports to countries other than the United States, must therefore be supplied from this country, increasing our exports without adding to our imports. This also tends to keep prices rising at home.

Both the Democratic and Republican “anti-inflation” programs are completely ineffectual, precisely because at no point do they attack the essential causes of the inflation. They are tied to the militarist and expansionist Marshall Plan. They differ in degree of control, but both programs are directed toward facilitating the procurement and channeling of goods for military production and exports under the Marshall Plan.

### *WALLACE'S PROGRAM*

This does not mean to say that any program of foreign aid would have the same disastrous effects. Henry Wallace's relief and reconstruction program, based on a policy of unity and friendship, and established under the auspices of a strengthened United Nations, could advance world recovery. For his people's program would give priority to the nations which suffered most from Axis aggression. It would respect national sovereignty, leaving each nation free to develop its own economic plan, without political or economic conditions. It would encourage the expansion of industry rather than restrict it. His program calls for the planned use of the Ruhr by the Big Four to assure that its products would go to reconstruction of all Europe, and not be used to build up a new cartel network for the benefit of the American monopolies. None of the funds would be spent for military supplies or war preparations. His program of foreign aid is tied to a policy of peace, and not of preparations for war as is the case with the Marshall Plan.

Within the framework of such a policy it would be possible to control prices and to take effective measures against an economic crisis. We could preserve our democratic rights. We could safeguard peace.

But the Marshall Plan, which is the policy of both major parties, is a war policy. As such it has nothing good to offer the people either at home or abroad. By depressing living standards in the Marshall Plan countries, it also depresses our living standards, in addition to making the people pay for war preparations and aggressive expansion by the monopolies.

*It seeks to avert the threatening depression in the United States by military means.*

As we have seen, military expenditures and the Marshall Plan account for half next year's budget. But only six per cent of federal funds will be spent for housing, social security and education, while less is allocated for veterans. Yet, every responsible authority – ‘including the President's own Committee of Economic Advisers and the Department of Economic Affairs of the United Nations – ‘anticipates a depression

beginning in 1948. President Truman himself in a message to Congress (January 14, 1948) spoke of the great danger of an economic recession, adding, "We cannot be sure that such a recession would not be severe and recovery slow and painful."

His responsibility is all the greater, after having said this, when he presses for a military budget with a few side dishes served up in the way of social work. The latter are thrown in for purely demagogic purposes. The President admits the danger of an immediate depression. His way out is a war budget, instead of asking for emergency appropriations for relief abroad on a non-political basis, for the expansion of social security benefits, and for other social expenditures that would assure a peaceful way out of the crisis. It is the bipartisan path to war, as the way out of a depression.

## IX. WHICH WAY OUT?

Such a program can be sold to the people only by deception. It can be put into practice only if the people are led to believe that the Marshall Plan will bring them peace and security. This requires that the real intent of the Marshall Plan remain obscure. It means that the people should be confused with unfounded charges that the Soviet Union, the East European democracies and the Communists everywhere are planning the destruction of the United States. The aggressive acts of the American monopolies and government actions in their support must be hidden from the people. Those who expose the real objectives of the Marshall Plan must be slandered and hounded from political life. The people's movement against this new war conspiracy must be blocked, undermined, split and destroyed. Reaction must ride triumphant.

### *ROLE OF RIGHT-WING SOCIALISTS*

Hence the Right-wing Socialists and liberals have a role in the strategy of the Marshall Plan. They are counted upon to confuse and divide the people. Says the State Department, in a background report of the Marshall Plan: the European Socialists are "among the strongest bulwarks in Europe against communism." Says the Republican New York *Herald Tribune* (January 14, 1948): "Our strongest ally in Europe is Social Democracy." It is true, says the State Department, that the Social-Democrats favor "a greater degree of social planning and economic control than is accepted in this country." But the diehard free-enterprisers are assured that these controls will be relaxed under the Marshall Plan.

Indeed, the Marshall planners have every reason for this confidence in the Right-wing Laborites of Britain, in the Socialist leaders Blum and Ramadier in France, in Schumacher of West Germany. The Attlee-Bevin Labor Cabinet accepted the humiliating conditions of the loan to Britain in 1946, turning their back on the nationalization and reform program promised the British electorate. The Right-wing Laborite leaders accepted the Churchill foreign policy as their own. Together with the French Socialist leaders, they undertook the task of gathering the other West European countries into the Marshall Plan bloc. They timed a new attack upon the British Communists with the split in the French trade unions and with the launching of a new Red-scare conspiracy against the German workers in the Ruhr. Under their leadership, a Marshall Plan International of Socialist parties is being formed, forcing a complete break with the Socialist Parties of Eastern Europe that are co-operating with the Communists.

A new phrase has been coined, the “third force,” as if with a phrase the betrayal of labor and of nations can be justified. The policy of the “third force” or the “middle road” has led to the splitting of the French trade unions by the Socialists, although this split is not as successful as they hoped. It has led to the use of troops against workers in the general strike in France in November, 1947. By joining the hue and cry against communism, to justify their support of the Marshall Plan, the French Socialist leaders encourage General Charles de Gaulle, the man on horseback who is trying to turn the clock back in France to the fascism of Vichy. The “middle course” of Attlee and Bevin, by which they tried to delude the British people into believing they could balance off the United States against the Soviet Union, gave the Tories their great victory in the local elections last year and gave new hope to the Mosley fascists.

The “middle course” is today largely mythical. The “third force” is a farce. By splitting the workers and the democratic people’s movement it opens the door to fascism, as in the past it led to Hitler in Germany, to the anti-Comintern Axis, to the appeasement of fascism at Munich, and finally to World War II.

Right-wing liberals and Social-Democrats in America, like those grouped in Americans for Democratic Action (A.D.A.) are also attempting to mislead the people. They urge the support of the Marshall Plan as “The Liberal Policy,” as the “middle course” between the extreme right and the extreme left. They hide the truth. How can the Marshall Plan be a “middle course” when in reality it is the program of the American monopolies for world domination?

Those among the trade union leaders who have boarded the Marshall Plan bandwagon are deceiving and betraying the labor movement. The Executive Council of the A. F. of L. is actively carrying the crusade abroad, directly financing reactionary labor leaders in other countries, and intervening directly as strikebreakers in the labor movement. During the general strike in France A. F. of L. leaflets directed against the leaders of the French unions were distributed in Marseilles and other cities. It supports all splitting elements in the Italian trade unions. After many years of endeavor, the A. F. of L. has started a rump labor federation of racketeer unions to fight the Latin American Federation of Labor. It has called a conference of all the unions it can muster from the Marshall Plan countries.

Serving as a sort of “left wing” of the labor phalanx of the Marshall Plan, some leaders of the C.I.O., including Phillip Murray and Walter Reuther, are also becoming actively engaged in the crusade. Murray and others sit on the Citizens Committee for the Marshall Plan, which is dominated by prominent Wall Street representatives. James Carey was sent to France to help the State Department split the French unions, and to attempt to provoke a split in the World Federation of Trade Unions. It is true that he now complains that the State Department favors the A. F. of L. over the C.I.O., but all he demands is a more prominent role on behalf of the Marshall Plan. In a broadcast over the State Department’s Voice of America station on December 7 (anniversary of Pearl Harbor!), Murray assured the workers:

“We in the American labor unions have no intent to turn the European aid program over by default to the Wall Street financial groups.”

This is no more convincing when it comes from the lips of Phil Murray than from the completely discredited A. F. of L. leaders. There is no need to turn E.R.P. over to Wall Street. It is already there. It was there from the beginning.

What will Phil Murray tell his steel workers when the steel corporations attempt to use the low-paid German workers as strikebreakers by transferring orders to their Ruhr plants?

And what will he say when the Marshall Plan becomes a strike breaking weapon at home, as it is already abroad? Recently some strikers were arrested at a sugar central in Cuba because, it was said, they were undermining the Marshall Plan, which requires sugar for Europe. Here at home a similar threat is already being made. A “top Federal labor official” was recently quoted (United Press, February 15) to the effect that the government fully intends to use the Taft-Hartley Law to

prevent strikes in essential industries because such strikes would endanger the Marshall Plan.

*'PROSPERITY' THROUGH WAR!*

Many trade union leaders do not, and many more will not, join in this deception. In effect, the American workers are asked to believe that their relatively high living standards can be maintained, and a crisis averted, by preparing for war through the Marshall Plan. This in itself is an admission of the bankruptcy of capitalism, for prosperity is promised only through a war economy.

No doubt the German people shared tidbits from Hitler's conquest of Europe. But this proved rather costly. Many lost their lives. The German nation lost its liberties and its culture, and for more than a decade became the barbarians of Europe. In the end, even German unity as a nation was lost, at least for the time being.

Over a long period some sectors of the British workers also enjoyed somewhat better conditions from the exploitation of the colonial world, although the British monopolies got by far the lion's share of the loot. But this life by tribute from oppressed peoples led to the decadence of British society, to the deterioration of its industries and farming, and has resulted in the great impoverishment of the British people. Some two hundred years ago the budding British Empire could look forward to a period of living from world tribute. That is now ending for Britain.

Wall Street's tycoons think their day has only begun. But the day is already far gone even for Wall Street. World empire has no future in the twentieth century. The people's movements are too far advanced throughout the world. The promise of prosperity for the people from expansion abroad is only tinsel. It does not even have the half-reality of similar promises to the British workers in the past.

Despite all this, are the American workers ready to seek "prosperity" through a war policy? Neither the American workers nor the progressives have so succumbed to fascist propaganda and pressure that they would willingly support such a policy as a way out for our country.

Our trust moguls may grow dizzy with some easy and cheap successes. They may drag us a long way toward a war that would prove disastrous for America. Millions of Americans already see through the entire scheme. Henry Wallace offers them an opportunity for a people's choice in the Presidential elections. This is the people's opportunity to create a party of their own, against both parties of the trusts and of war.

To enlighten the people, to expose the warmakers, to block and defeat them before they bankrupt and destroy the country, is today the mark of real patriotism, of real loyalty to our countrymen.