



The Marshall Plan at 60

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The Marshall Plan

- Peace enforcement
- Economic reform and integration
- Aid and concessional loans



Background

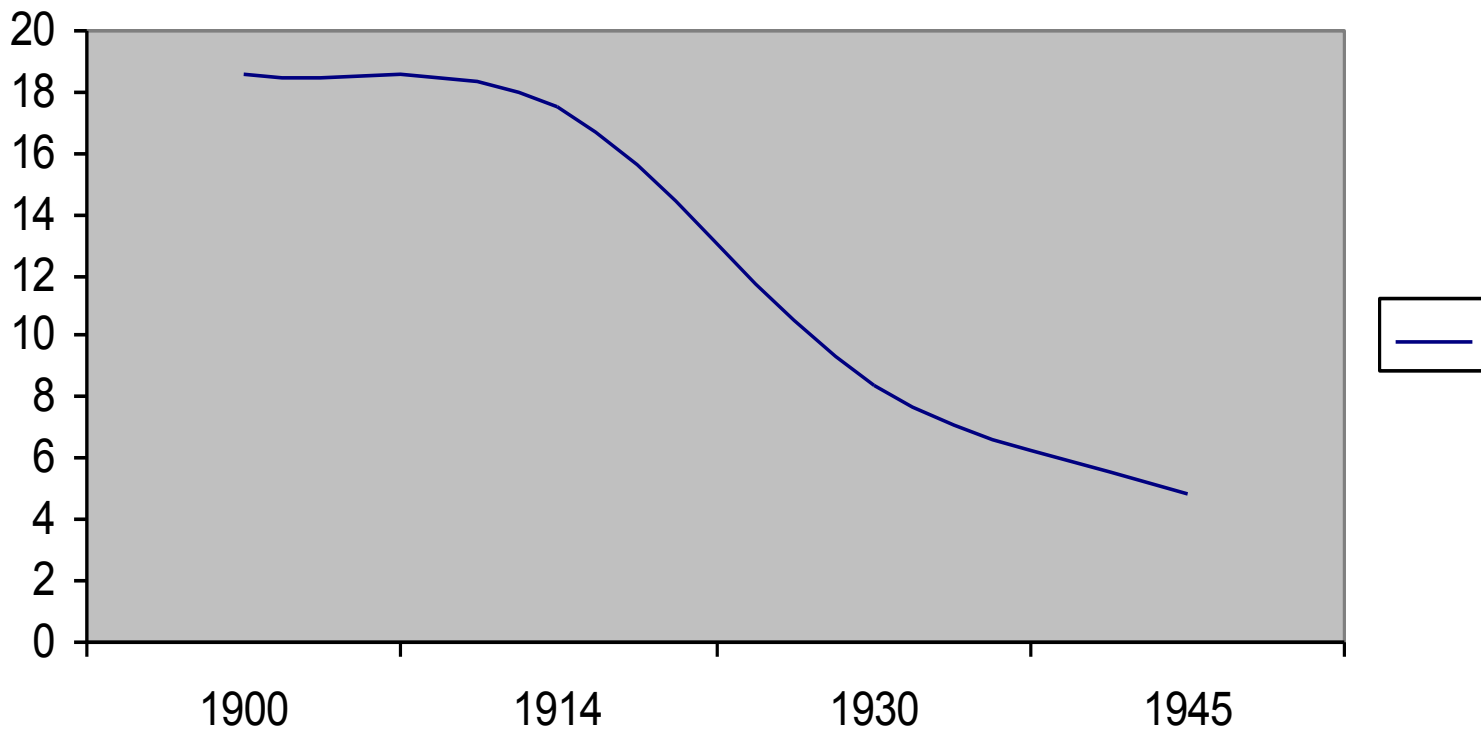
- Global order
 - The fall of empires and the "age of nations"
- Strategic policy
 - Soviet expansion and the Truman Doctrine: Greece (Italy)
 - George Kennan: "Long telegram" 1946
 - Asia (Japan, China, Manchuria, Korea, Soviet)
- Post-war crisis
 - Post-war slump: loss of capital
 - Poverty and famines in Europe
- Mid-war collapse of global economic policy
 - *Beggar-thy-neighbour*; competitive economic nationalism



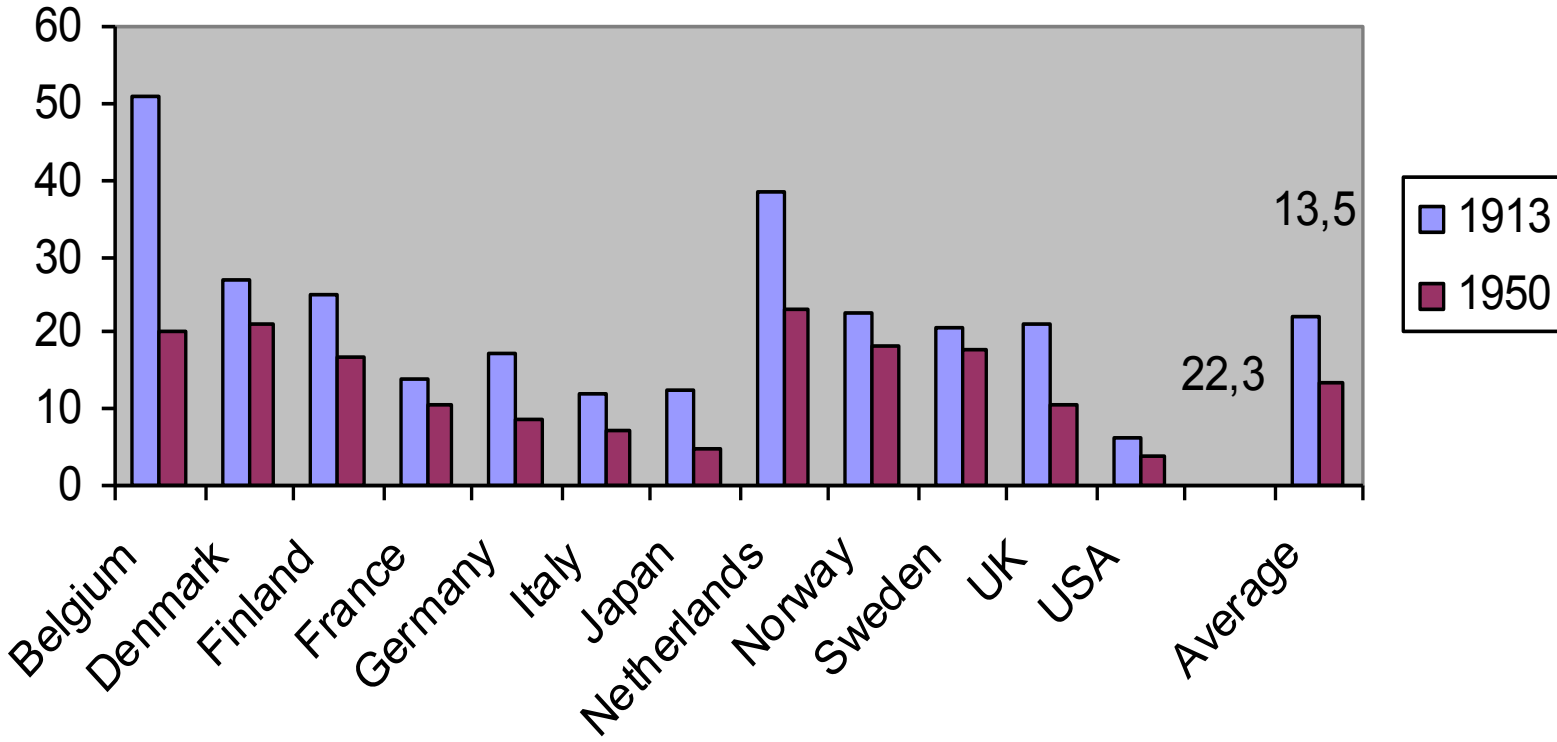
Marshall Aid: Economic Recovery Programme

- 12,6 billion USD 1948-1951 (2 percent of GNP of recipient countries)
- Food relief
- Raw materials
- Upgrade of capital (machines, equipment, vehicles)
- Counterpart Funds: reindustrialization and currency stabilization

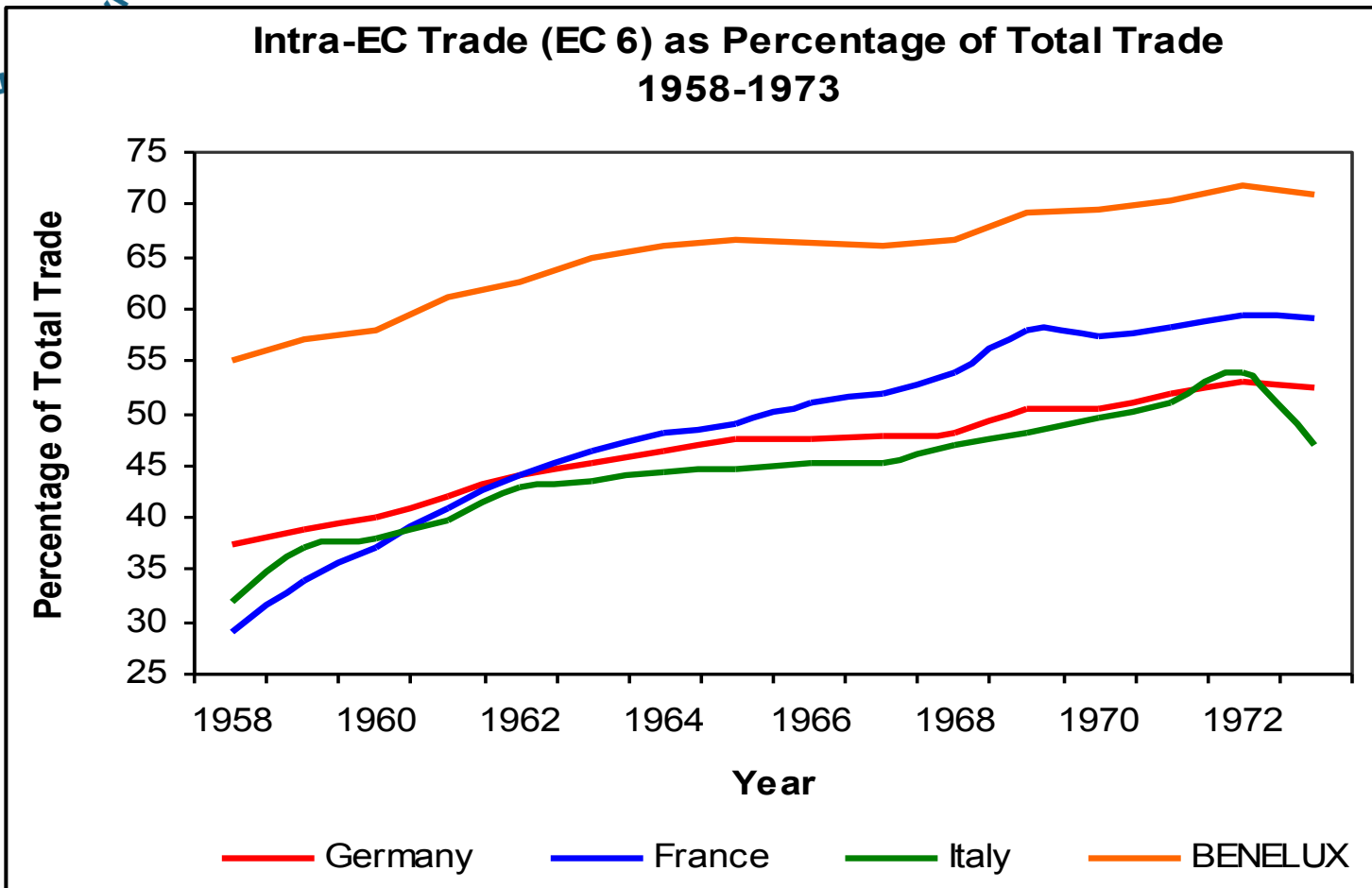
Foreign Assets over World GDP (%) 1900-1945



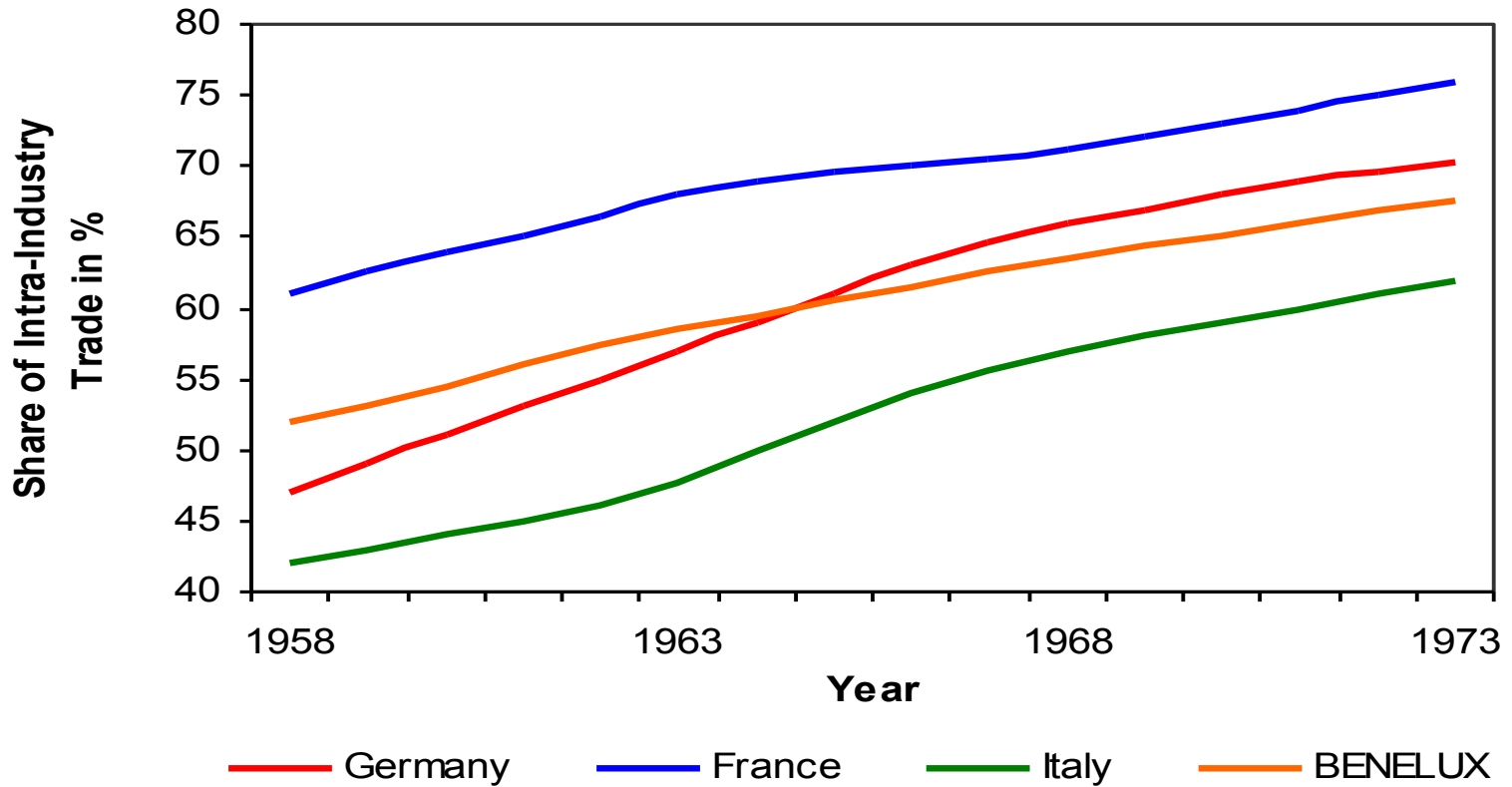
Ratio of Merchandise Exports to GDP



| | Average Tariff Rates 1958 | Average Tariff Rates Dillon Round | External Tariff in 1968 | External tariff after the Kennedy Round |
|----------------|----------------------------------|--|--------------------------------|--|
| Germany | 6.4 | 5.8 | 10.4 | 6.6 |
| France | 17.0 | 15.3 | 10.4 | 6.6 |
| Italy | 18.7 | 16.8 | 10.4 | 6.6 |
| BENELUX | 9.7 | 8.7 | 10.4 | 6.6 |
| | | | | |
| UK | 16.5 | 14.9 | 14.9 | 9.2 |
| Denmark | 5.6 | 5.2 | 5.2 | 3.2 |
| Austria | 14.9 | 11.4 | 11.4 | 8.2 |
| Sweden | 6.5 | 6.3 | 6.3 | 4.2 |
| Norway | 10.3 | 10.3 | 10.3 | 6.4 |



**Intra-Industry Trade (EC 6) as Percentage of
Total Intra-EC Trade (1958-1973)**





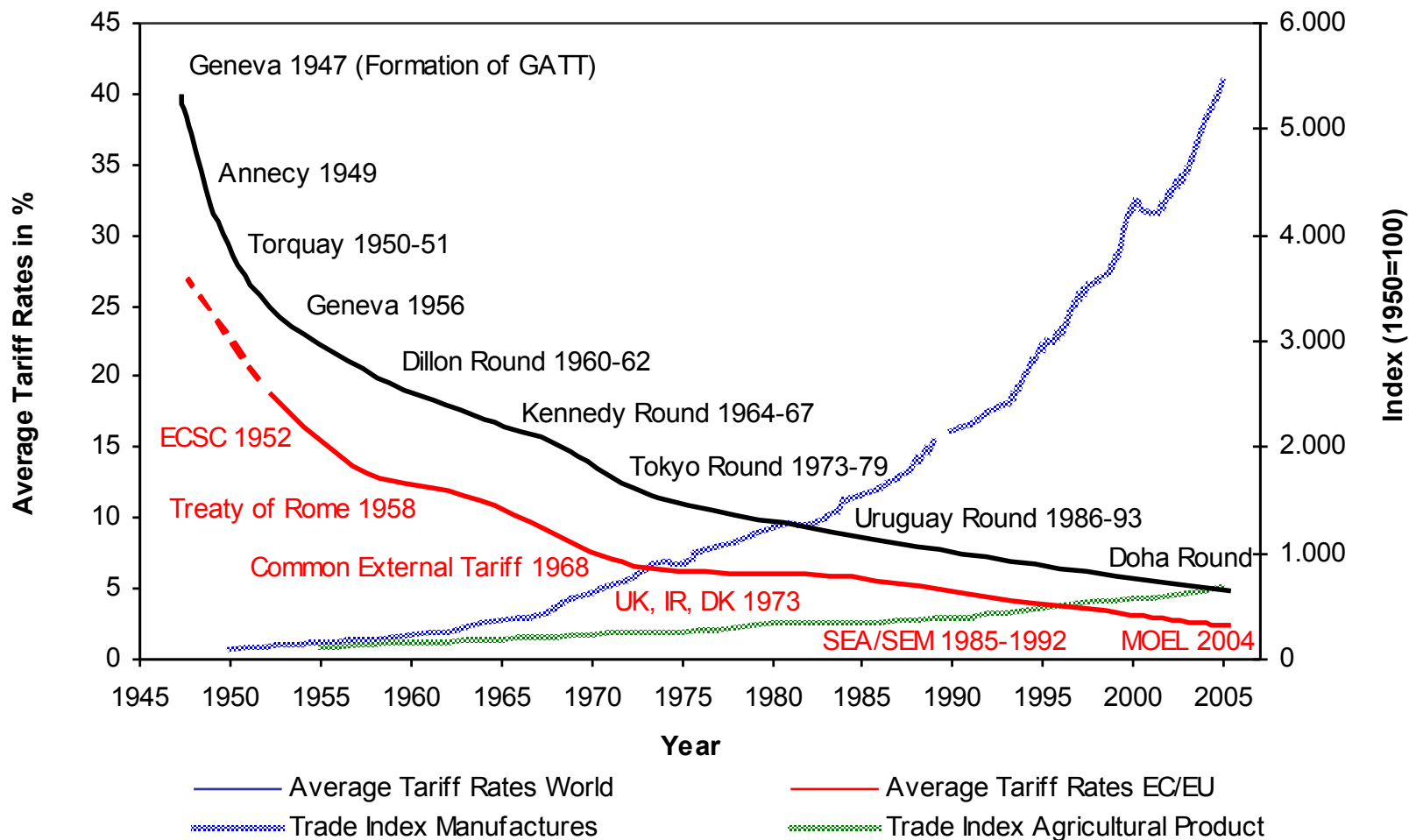
U.S. Response

- Deepening multilateral cooperation
- GATT (also 60th anniversary):
 - Dillon Round
 - Kennedy Round
- Competitive and cooperative liberalization
- Foreign Direct Investment (investments first, trade second)

U.S. Investments Abroad

| | 1950 | | 1957 | | 1964 | |
|-------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| | \$US Million | Share (%) | \$US Million | Share (%) | \$US Million | Share (%) |
| EC | 637 | 5.4 | 1,680 | 6.6 | 5,398 | 12.2 |
| EFTA | 986 | 8.4 | 2,245 | 8.8 | 6,045 | 13.6 |
| Other Europe | 110 | 0.9 | 226 | 0.9 | 624 | 1.4 |

Tariff Reduction within the GATT/WTO and EC/EU and World Merchandise Trade 1947-2005





Why Successful?

- Comprehensive strategy
- Targeted aid (not budget support, no multi-stakeholder process)
- Rebuilding countries, not building nations
- Context of international economic integration
- Economic reform programme (Germany: emulation by competition)
- Post-war recovery cycle
- Luck