



**Your on the
Street Reporter**



Uyless Black

A 21st Century Marshall Plan?

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A 21st Century Marshall Plan? Report One: What Was Done

March 22, 2008¹

Hello from Your on the Street Reporter. A recent report (*Gucci and the Gulag in the Foreigners' Affairs* series) brought forth varied responses regarding my claim America is fighting three wars. Both blue and red readers agree America needs to devote more resources to the beans and bombast wars (the aid and propaganda efforts). I received several rebuffs to my claim about our need to support the guns war of staying armed and vigilant. Some people think our military system is overkill, so to speak.

Regarding this last point, personally, I prefer the "love" side of the equation, "Make love, not war." I wish I could support the idea about the futility of warfare and the senselessness of bearing arms, because in the final countdown---after the devastation---the participants are left to clean up the mess.

Nevertheless, humans have not discarded Darwinism just because we wear loafers on our once bare feet. While walking around in Guccis, we continue the efficient practice of weeding-out the competition. We've changed our habitats, but we've not changed our habits.

Speaking of which, habitats do have an effect on human behavior, which is one reason America expends resources on improving the habitats of other parts of the world. As one example, we provide aid to third-world countries, which improves their standards of living, and we hope their behavior. As another example, our commitment to rebuild post WWII Europe with a program called the Marshall Plan, which changed the behavior of the Europeans.

The Marshall Plan was not just a noble altruistic experiment. For certain, it was implemented to stave-off Europeans from destitution. But at its heart, the intent of the Plan was to thwart the growth of native Communism in Western Europe, prevent the Soviet Union from making further inroads into Germany, and halt Russia's drive to consolidate its hold over Eastern Europe.² In the short run, the Plan was successful in achieving the first two goals. In the long run, it met all its goals.

For the past few years, I heard foreign affairs experts state America needs to devote itself to a 21st century Marshall Plan. A bold assertion and how to respond? I think you and I are as qualified as any of our leaders to suggest policies for America to pursue in the 21st century. After all, look at the results of our sages' actions these past few years. Permit me a few thoughts about this Marshall Plan matter. We'll start with the ending of WWII.

¹ Unless otherwise noted, the statistics cited in this essay are sourced from (a) Greg Behrman, *The Most Noble Adventure* (New York: Free Press, 2007), (b) David McCullough, *Truman* (New York: Simon & Schuster, 1992), (c) Microsoft Encarta Encyclopedia, (d) Tony Judt, *Postwar: A History of Europe Since 1945* (New York: Penguin Books, 2005), (e) "United States Public Debt," Wikipedia.

² It is instructive to remember that Stalin, like the modern-day Osama bin Laden, was a die-hard ideologue. He believed in the invincibility of Communism and the inevitability of its triumph over any other philosophy.

Extent of Devastation³

To gain a sense of the magnitude of the damage caused by WWII, consider the 1945 situation in Western Europe:

- More than 50% of housing in major cities was reduced to rubble.
- In London, 3.5 million homes had been destroyed.
- In Berlin, 75% of the buildings were uninhabitable.
- In Germany, 90% of the rail lines were inoperable.
- Greece lost two-thirds of its merchant fleet.
- Thousands of bridges throughout Europe were obliterated.

The scene in Figure 1 was not an exception to a central urban landscape; it *was* the landscape.⁴ During the 1980s, Reporterette and I traveled to Berlin and paid a visit to the Brandenburg Gate, shown in the figure. This 1945 image was far removed from what we saw. We saw a reconstructed Gate, one reflective of the restorative mechanisms of the Marshall Plan.⁵



Figure 1. Berlin, its former self.

The folks in this part of the world were not traipsing to the local market for bread, cheese, and wine. The citizens in Vienna existed “on a ration of 880 calories as day; in Budapest the

³ Behrman, 18, 23.

⁴ Behrman, 244.

⁵ However, some historians overstate the damage inflicted on the physical plants of some countries. Thus, between 1945 and 1947, several nations had made remarkable progress in restoring bridges, railways, and highways. The principal problems were the lack of (a) key raw materials, (b) food, and (c) currency to buy U.S. supplies.

officially provided ration was just 556 calories per day (children in nurseries received 800).”⁶ Some nutritionists claim this amount of intake leads to a weakened body, resulting in disease and other physical debilitations. “One third of the population of Piraeus, in Greece, suffered from trachoma in 1945 due to acute vitamin deficiency. During an outbreak of dysentery in Berlin dating July 1945---the result of damaged sewage systems and polluted water supplies---there were 66 infant deaths to every 100 live births.”⁷ The Germans had a joke, “Better enjoy the war. The peace will be terrible.”⁸

The Europeans were not gaining weight, a handy indicator of a nation’s well-being. Figure 2 shows a hunger protest staged in Vienna in May, 1947.⁹ These folks were looking for a solution to their problem....any solution. (Notice the civility in those days. Coats and ties while protesting for a loaf of bread.)

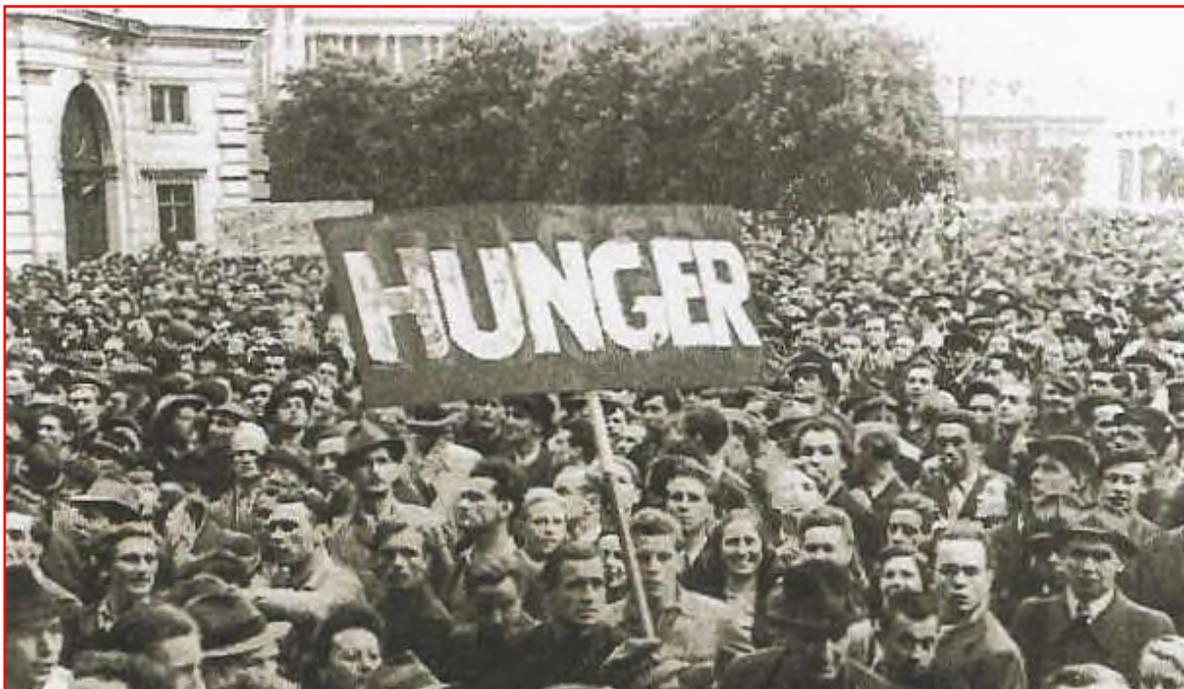


Figure 2. Typical scene in post WWII Europe.

Inflation became a serious problem. With production low, the demand for goods exceeded the supply. With little confidence in currencies, people spent their money as quickly as possible. After all, why should they have kept money under the pillow if it was decreasing in value? In France, the 1946 wholesale prices rose 80%. In Germany, twenty-four cartons of Camel cigarettes could purchase a Mercedes-Benz. Granted, the car was a 1939 vintage, but then as now, a Mercedes held its value. Such a deal: A soldier could visit the local military PX and with

⁶ Judt, 21.

⁷ Judt, 22.

⁸ Ironically, the nation that put WWII into motion did not suffer severe deprivation until toward the end of the war. Germany made a practice of using the resources of conquered countries, which were sent back to Germany. From 1944 onward, allied bombing and Russian soldiers made-up for this situation.

⁹ Behrman, 246.

some of his buddies, buy a bunch of Camels, then sell them and use the proceeds to buy a Mercedes-Benz.

The western part of the Soviet Union was in no better shape:¹⁰

- Six million buildings had been destroyed.
- Ninety thousand bridges were blown-up.
- The Germans killed or stole: 17 million head of cattle, 20 million hogs, 7 million horses, 27 million sheep and goats, 110 million poultry.
- More than 70,000 villages and hamlets were destroyed.

Gains of the Communists

As a lad, I recall radio broadcasts about the Communist Peril in Europe and Asia. Listening to the adults in our house---my mom and her friends were strident alarmists---I became convinced a Russian bomb was soon to be detonated at the local county court house. The Communist threat seemed real, even to country folks.

Fatuous fear in Lea County? In hindsight, yes, but elsewhere as well. At that time, those of us in rural America were as concerned about the Communist menace as the urbanites on the east coast. All were witnessing the events in Europe:

- Czechoslovakia, 1946: Elections gave the Communists slightly under 40% of the vote.
- France, 1945: The Communist Party garnered more votes than any other party.
- Italy, 1946: Nearly 40% of the voters opted for the Communist Party.
- Communist parties were gaining in Belgium, Greece, the Netherlands, as well as the Scandinavian countries.

A simple explanation was brought forth: “Empty stomachs mean Bolsheviks. Full stomachs mean no Bolsheviks.”¹¹ “Empty stomachs” in Europe was interpreted by many that socialism and quasi-capitalism was failing. The people were looking for an alternative. They did not care which political philosophy resulted in bread on the table.

In the end---with survival at stake---people are Darwinists. The American leaders recognized this truism. They knew Europe would succumb to Communism if the Europeans’ stomachs stayed empty. What to do? First, feed Europe. Second, resurrect Europe. That is exactly what the Marshall Plan accomplished.

¹⁰ The casualties in the USSR prompted Stalin to demand reparations from Germany for the damage the Germans caused to his country. The reparations issue led to serious problems. Some historians think the West betrayed Stalin on this matter, goading him toward his Cold War stance of subjugating East Europe and trying to do the same with Germany. These historians are incorrect. The opening of more recent records from the Russian archives reveal Stalin never intended to give up an inch of turf he conquered during the war. (Winston Churchill warned the complacent world about this situation.) Even more, Stalin coveted Germany. His post WWII strategy was to isolate the weaklings France and England from Germany, eventually to gain this part of Europe (with its industrial base and rich minerals) for his Communist Nirvana. In 1946, Stalin said, “All of Germany must be ours, that is, Soviet, Communist.” See Behrman, 23, 42.

¹¹ Behrman, 29.

Costs of the Plan

Between the years 1948-1951, America invested \$13 billion to rescue Western Europe. This figure appears trifling in today's world in which America's annual government budget is calculated in thousands of billions of dollars. As one example, the United States is spending \$8 billion a month for the Iraq war.¹² Because of inflation, this 2008 figure should not be compared to the Marshall Plan budget. Nonetheless, in the post WWII years, \$13 billion was a huge amount of money. For example, adjusted for inflation, \$13 billion in 1950 equates to \$111.9 billion in 2007 dollars.¹³

Understandably, many citizens and politicians were against the Plan because of the huge costs and drain on the economy. But overall, after a massive public relations (propaganda) effort, the Americans rallied to support this massive program. With tremendous advertising, the citizens came to believe it was the right thing to do, the smart thing to do. Americans responded:¹⁴

President Truman (had) called for national food-saving programs, so that there would be more available, without corresponding inflationary pressures, for Europe. Many restaurants and diners around the country agreed to meatless Tuesdays. Notre Dame agreed not to serve meals to spectators at Irish home games that fall. Days before Thanksgiving, Massachusetts Governor Robert Bradford held a ceremony at Plymouth Rock. He asked Americans to donate funds equivalent to one Thanksgiving meal to Europe.

That autumn, Attorney General Tom Clark proposed the creation of a Freedom Train. Carrying the Declaration of Independence, the Magna Charta, and the Constitution, the Freedom Train traveled around the country to arouse national spirit and generosity.

The country responded with fervor. The Kiwanis Club offered a carload of foodstuffs. The Seventh Masonic District announced a donation of five thousand pounds of sugar and ten thousand pounds of flour. A group of restaurants donated twenty thousand pounds of spaghetti and macaroni---to Italy. By the time the train arrived in New York, it had almost three hundred carloads of food and supplies. To those donations, New York City's students added five hundred tons of food and supplies. Commercial liners waived the costs to ship the goods across the Atlantic.

Altruism, with a lot of propaganda.¹⁵ Each parcel had an identifier stating the goodies came from America...accompanied with the relevant flag of the recipient country. One inscription read, "Friendship---Something to eat for our friends from the United States."¹⁶ For the remainder of the Marshall Plan, each delivery carried a label of similar bombast.

¹² Charles J. Hanley, "\$12 Billion a Month," *Coeur d' Alene Press*, March 10, 2008, A1. The figure cited for the wars in both Iraq and Afghanistan is \$12 billion a month, as of 2008. Approximately two-thirds of this money goes to the Iraqi war.

¹³ <http://www.westegg.com/inflation/infl.cgi> for an inflation calculator.

¹⁴ Behrman, 124-125.

¹⁵ One American diplomat proposed attaching a large helium balloon to the Eiffel Tower with a sign of, "Merci, Marshall Plan." This idea was rejected as over the top.

¹⁶ Behrman, 138-139.



Figure 3. Delivering the goods.

Figure 3 shows a ship with Freedom Train cargo tied-up to a pier, and the crowd for the welcoming ceremony.¹⁷ Notice the American flag in front of the speaker's podium. It paid (and pays) to advertise.

The relative cost of the Freedom Train was small. The dividends, paid in Europeans' goodwill, were enormous. French labor unions actually stopped striking to help unload the ship. The media proclaimed America to be a rescuing nation. Take that, Joe Stalin!

Behind this symbolic gesture lay the real power of the Marshall Plan. To cite one example: In Italy, where Communism had a strong presence, Communist leader Palmiro Togliatti made a speech in which he denounced American aid as disguised imperialism. He

said Italy would receive aid from the Soviet Union. He was booed so loudly he could not speak for five minutes. His audience had welcomed America's aid and did not take kindly to these remarks. The *leader* of Italian Communism finished his speech to a crowd smaller than when he began. Later, 94% of Italy's eligible voters cast their ballots against the Communists.¹⁸

Prior to Togliatti's address, George Marshall had informed the Italians that Italy would receive no American aid if the country went Communist. So much for ideology.

Strategy: Counterpart Funds for Vital Materials

Vital Materials. The immediate fix to the problem in Europe was getting basic foodstuffs and clothing to the Europeans. This task was handled quickly. But strategically, these efforts were little more than applying a band aid to a gaping wound. Europe needed a way to stitch-up the wound. How? Passing money to Europe would help, but it would not necessarily resurrect Europe's infrastructure or repair its societies. The planners of the Marshall Plan came to these conclusions:

- With assistance from several U.S. "counselors" and the support of key politicians,¹⁹ the Europeans were directed how to take the reins and how to conduct detailed studies of the needs of each country. The need for Hershey bars were not part of the package. The need for carbon black, oils, and waxes for building automobile tires were.
- The Europeans had to dismantle their trade barriers, and move toward a less restricted flow of money and goods across borders.
- In just a few months, they had to submit their plans for using the Marshall funds.

¹⁷ Behrman, 251.

¹⁸ Behrman, 176.

¹⁹ With gratitude to George Marshall, Will Clayton, Arthur Vandenberg, Richard Bissell, Paul Hoffman, Averell Harriman, and Dean Acheson. With no thanks to Senator Robert Taft, who continuously opposed the plan.

These “requirements” explain part of the practical brilliance of the Plan. Take those automobile tires as an example. Thousands of employees in British car factories were not working. The workers’ idleness was not due to the lack of demand for cars. Quite the opposite, Brits wanted cars. They were idle and could not produce a fully-assembled car because they did not have the carbon black needed to build the tires for the car. Thus, after harried, but exhausting studies, the Plan came to focus on the key ingredients to jump-start the European countries’ economies, such as carbon black for England.

Counterpart Funds. In the post WWII days, two major problems surfaced with U.S. foreign aid: One was the lack of accountability for contributed dollars. The other was the potential drain of this aid on a country’s money supply. To illustrate, how could American benefactors know a John Deere tractor, sent from a factory in Ohio to a farm in France, would actually arrive at the French farmer’s farm? Furthermore, if the French farmer was asked to pay for (at least part) of this aid, France would experience a drain on its money reserves---eventually leading to a bankrupt country.

The Marshall Plan adapted a brilliant yet simple procedure to address these situations: Counterpart funds. Figure 4 illustrates the idea. A U.S. product (say a tractor) was shipped to a French farmer. He paid for the tractor in Francs, but the money never left France. It went to the French Central Bank, whose charter---as dictated by the Marshall Plan---was to use this money to rebuild the French economy.

In the meantime, the funds allocated by Congress for the Plan were used to pay the John Deere Company for the tractor. As mentioned, French Francs never left in France. They were used to build bridges and such. Likewise, U.S. dollars never left America. They were used to build more tractors and such. The Marshall Plan never suffered from the dangerous depletion of a nation’s funds (the “money gap” syndrome). Heretofore, the money gap had been a keystone of protectionism. No longer.

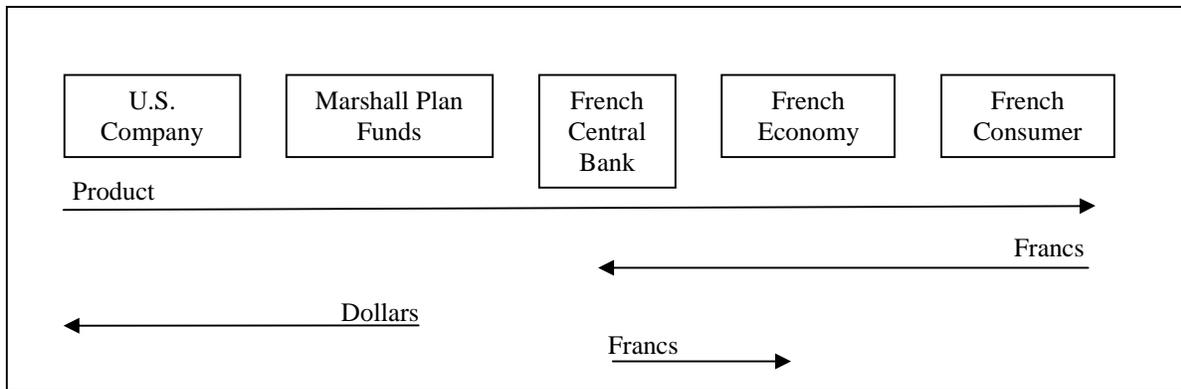


Figure 4. An elegantly simple model.

If the French farmer paid for the tractor, why was the Marshall Plan different from a regular financial transaction? Let’s examine the model in a bit more detail. First, the farmer had to come-up with money to buy the tractor. The equipment was not a gift, although generous loans were arranged for this transaction. Thus, the Plan had an inherent anti-corruption mechanism built in: The French farmer might very well accept a gift of an eight-cylinder tractor for his six-acre farm.

But he was certainly not going to shell-out his own money for such an extravagance. A four-cylinder tractor would do just fine

I've been told the Marshall Plan had very little corruption associated with it. The counterpart funds arrangement had a lot to do with the integrity of the Plan.

The Marshall Plan: A Fillet to American Capitalism

Look at Figure 4 again. John Deere had a pretty good deal. The company, its stockholders, and employees benefited from America's benevolence to Europe. Be it a French farmer or an American taxpayer, John Deere did not care who bought its tractor. What mattered was that someone bought it. Which illustrates another aspect of the Marshall Plan: It stoked the economic fires of Europe, but it also stoked those in America.

The European Union (EU)

For the younger readers of Your on the Street Reporter essays, it might come as a surprise to learn that much of America's misery in the last couple centuries---including thousands of dead soldiers---came about because of the inability of Europeans' kings and queens to control their desire for turf and wealth. These folks also spent a lot of effort to one-up their royal cousins in other countries. Their answer to the question, "Who has the grandest palace?" often took its toll by the despot building yet another grand palace at the expense of the despot's underlings.

What were the reasons for the British Empire? Germany's African colonies? Portugal in China? Belgium in the Congo? Spain in the Philippines? France in the Middle East? Some history books state the spreading of Western culture and Christianity were the right things to do. In reality, these pathetic fiefdoms were primarily interested in rapacious exploitation. (Excuse the exaggeration; the subject is one of my hot buttons.)

The framers of the Marshall Plan understood that left alone, the European states would remain venal and corrupt. They had to be nudged toward a semblance of productive respectability. Ironically, the Plan's strategy for Europe's salvation was to appeal to its well-entrenched self-interests.

It has been said if trade does not flow across borders, soldiers will. This cliché certainly pertained to the European nations. For centuries, they jostled with each other for an advantage, and erected scores of barriers against free commerce. The term to describe this mentality is autarky: economic self-sufficiency. But the small countries of Europe---however large their egos---did not have the resources needed to achieve self-sufficiency. Belgium had no diamonds. France had no oil. England had no carbon black. Germany did have...and yet did not have...coal and steel---depending on who controlled the Alsace Lorraine region of Europe.

What to do to become autarkic? Conquer other lands possessing the needed resources. Thus, France obtained its oil from its colonies in the Middle East. Belgium got its diamonds from the "Belgian" Congo. England acquired its sugar from the "British" Virgin Islands. And Germany... it had to fight France to garner the coal and steel it needed. These minerals were positioned around the border between France and Germany, a situation that led to deadly intramural contests.

In order to keep the Europeans from each others' throats---to keep the marauders at bay---the United States insisted Europe change its pattern of behavior. As George Kennan (one of the early planners) wrote, "Europe would have to come together and integrate its disparate national economies."²⁰ Time and again, the U.S. informed Europe it had to move toward the elimination of tariffs and trade barriers. Otherwise, kiss American aid goodbye.

This idea was resisted by Europe, especially the United Kingdom. After all, the UK had its Commonwealth, its private fiefdom where the English Sterling and the Englishman reigned supreme. But in the end, America's leadership---with its economic clout---pushed Europe away from its debilitating, far-fetched attempts at autarchy. The Marshall Plan paved the way to a united Europe, and eventually, the European Union (EU).²¹

In the end, America's Marshall Plan changed the world. It showed how nation states can preserve their sovereignty, yet at the same time, enter into mutually-beneficial relationships with other countries. It demonstrated the fantastic power of economic cooperation.

As more goods flowed across borders, more soldiers stayed home.

In the next segment of this report, we examine the possibility of a 21st century Marshall Plan.

²⁰ Behrman, 56.

²¹ The Frenchman Jean Monnet also had a lot to do with laying the foundations of the EU. Nonetheless, between 1948-1951, the Marshall Plan funded 50% of France's Monnet Plan. Yet, it was in France where the Plan was most heavily criticized. (Judt, 96.)

Postscript: Benevolent Imperialism²²

This part of our story is where America's history often diverts from conventional imperialism practiced by other nations or kingdoms.

The Ottoman Empire Sultans, the Chinese Emperors, the English gentry (among others) made a fundamental error in their practice of imperialism. Their approach was (a) Conquer Dodge City, (b) Build-up Dodge City, (c) Stick-around Dodge City until the natives were so agitated they withdrew the keys to the city.

Time and again, studies and experience show *the* major reason for insurgency against foreigners is the continual presence of the foreigners.

The United States took a different tack: (a) Conquer Dodge City, (b) Build-up Dodge City, (c) Then get out of town...after having constructed trade relationships with Dodge City.

Imperialistic? Perhaps. Exploitative? Not at all, as the Dodge City citizens also enjoyed the fruits of America's incursions.

How many imperialists have succeeded while staying in residence? I count zero. How many imperialists have succeeded by leaving voluntarily? I don't have an exact count, but consider America leaving Japan, our voluntary withdrawal from the Philippines, our pulling out of Panama, etc. In contrast to the French being expelled from Vietnam, the British sulking out of Hong Kong, the Belgians giving-up the Belgium Congo, ...ad nauseam.

The business of America is business. Let's fight it out the marketplace, not on the battlefield. But in order to do so, our potential enemies *must actually have a market*. That market is not created with guns alone. It is also created with beans and bombast. We stay armed and at the same time, we look for ways to dismantle barriers.

²² I use this term to describe America's approach toward post WWII Japan and Europe. I cannot use it as a blanket description of the United States actions, such as those in the Mexican War or the Spanish/American War.

A 21st Century Marshall Plan? Report Two: What Can Be Done?

March 23, 2008²³

Hello from Your on the Street Reporter. Even “non-political” readers responded to report one of “A 21st Century Marshall Plan?” Thanks for the feedback. As always, feel free to reproduce these compositions. One of you asked to distribute this report to your students. By all means, go ahead.

For the past twenty years or so, we’ve been listening to politicians, media wizards, and writers proclaim we Americans need to come to grips with our post Cold War world. The blues have said it’s time to dismantle the military-industrial complex and convert the Pentagon into a hostel for the homeless.

The reds have lamented the loss of the evil Soviet Union as our arch enemy. Currently, they are trying to bait-and-switch America to take on China as the new bad guy. Trouble is, China is playing our (former) game: *The business of China is business*. And they are succeeding. While America protects the world, the Chinese eat our lunch. They don’t have missionary plans. They are not trying to spread quasi-communism or Buddhism into Iraq. They have no soldiers in North Korea, no military stations in Europe, no naval bases in Japan. Why bother? They are using commerce as their weapon.

Take another example: One of our new enemies, Hamas. Don’t mistake me; these people are nasty characters. But as the musician Bono has observed: The United States has billions of dollars of steel floating on the Mediterranean Sea. Nearby, Hamas is building schools in Lebanon. Guess who’s winning the hearts, minds, and votes of the Gaza inhabitants?

The conclusions are obvious. First, the United States cannot base its foreign policy on Humvees and Marines alone. (It appears Bush has come to realize this fact.) Second, The United States needs to accept or reject the claim we are in a war. One way or the other, America must stop straddling the fence. If we are indeed in a war for our security and life-style, we might be wise to alter some of our behavior. More on this idea shortly.

Anyway, I’ve heard some pundits state America needs a 21st century Marshall Plan to fight this war. This claim is why I have based this essay on the Marshall Plan. As well, the Plan provides a good platform for offering other ideas.

For the sake of this report, let’s assume America’s citizens accept that we are engaged in a war against militant Islamic extremists. How do we go about conducting this war? As of now, we are throwing a lot of military hardware and personnel into the ring. This strategy appears to work. As

²³ Unless otherwise noted, the statistics cited are sourced from: (a) Greg Behrman, *The Most Noble Adventure* (New York: Free Press, 2007), (b) David McCullough, *Truman* (New York: Simon & Schuster, 1992), (c) Microsoft Encarta Encyclopedia, (d) Tony Judt, *Postwar: A History of Europe Since 1945* (New York: Penguin Books, 2005), (e) “United States Public Debt,” Wikipedia.

²³ I write about this subject in *The Deadly Trinity*.

long as there are sufficient boots on the ground, the enemy fades away. But when those boots leave? It appears the asymmetrical enemy returns. (I may be wrong about this last assertion; I hope so. We'll know in a year or so when (if) we withdraw from Iraq.)

Does the post-WWII Marshall Plan model in Europe lend itself to a post-Cold War Marshall Plan in other parts of the world? As examples, the Middle East? Or Africa? Can we apply some of the brilliant concepts of the Plan to our present wars?

Problems with the Marshall Plan Model in Today's World

I suspect the model does not fit, because post WWII Western Europe differed from today's nations in the Middle East and Africa with regard to:

Europe had experience with and acceptance of republicanism. The European countries had a history of dealing with concepts such as elections and citizen representation by politicians. With minor exceptions, kings and queens were no longer rulers; they stayed around to decorate the political process. Granted, many of the nations practiced socialism, but they were not adverse to concepts of republicanism and capital markets. With relative ease, they accommodated themselves to the rather rigid requirements of the Plan, even to unpleasant actions such as devaluing their currency.

The countries in the Middle East and Africa do not have a legacy of democracy. This is a key point to keep in mind because the foundations for democracy...or some semblance thereof...cannot be created overnight. The respect for law, the existence of local, regional, and national court systems, the development of a body politic, fair elections, and the acceptance of their outcome: All require time, dedication, and commitment. Even the United States, starting with a clean slate, took many years to create the Constitution and the Bill of Rights.

Herein lies a problem. I'm not certain America would commit to a Marshall Plan-type program to breathe life into a Darfur despot, or a Somalian dictator, even if it meant saving millions of lives. I'm not sure our country has this degree of forbearance. Our approach is to overthrow the leader, followed with an attempt to jump-start democracy in a few months. *Write your own Constitution! And get it done fast! It took us over a decade; you've got a half-year.*

Perhaps we could take a page from the Plan and *bribe* these countries into some form of human decency. Like it or not, the Marshall Plan was a bribe---a noble bribe---but still a bribe. I've read we are now having success in Iraq by bribing once-hostile Sunnis to change sides and help the Shiites consolidate their power. Great, but the Marshall Plan's bribes focused on *changing* the inclinations of a venal, autarkic Europe. Bribery to encourage a Sunni assassin to change sides does not change the assassin's inclinations to assassinate Shiites. After all, he's still a Sunni.²⁴

European religious leaders did not determine national policy. While separation of church and state may not have been explicitly prohibited in some countries, the religious leaders in Europe

²⁴ Nonetheless, even Sunnis will come to the bargaining table if they are given part of the political pie and part of the oil revenues. I think a few more bribes on the part of the ruling Shiites will make their Islamic brothers more accommodating. But then, it may turn out that if the sub-tribes of each sect don't get their own spoon in the pot, it will result in more bombs in the local marketplace.

did not run the governments. Western Europe had no theocracies. Furthermore, Western Europe demonstrated tolerance toward, and acceptance of different religions.

Islamic nations in the Middle East and Africa take the opposite view on this matter: Religion is supreme. The state and religion are one. Separation of the two is not possible. Tolerance toward other views? See Sunni vs. Shiite.

I suspect the average American will not opt for sending dollars to a regime that forbids a Middle East or African shop owner to sell a DVD of that country's musical version of the Texas Two Step. *Stop dancing! Otherwise, we'll bomb your shop and kidnap your children!* I wish I were kidding.

How will the body politic in America accept the pouring of continuous and massive aid into a country whose basic underpinnings undermine the very ideas that Americans hold dear? Especially, if our debt continues to grow, and our infrastructure continues to deteriorate because funds are being diverted elsewhere? I've some suggestions later in this segment, and I look forward to your ideas.

America was respected. The United States was admired by the post WWII Europeans. We were considered uncultured in relation to manners and decorum. But we were respected as people who meant well, a nation that took others' views into account.

America is well-liked in many parts of Africa, the Baltics, and the Balkans. Our assistance to these parts of the world has reaped good-will dividends. But since 9/11, Bush has succeeded in alienating a huge part of the globe. Sure, Israel and England remain in our camp, but they are slated for later statehood, so they must toe-the-line.

Is it important to be liked? Some media pundits claim it is irrelevant if the rest of the world dislikes the United States. As the Bush administration has stated (I paraphrase), *America creates its own reality, and others are privileged to stand on the side lines to observe.*²⁵ How can one support such a bizarre, unrealistic, hubristic view of the world? The mentality is so out-of-touch with reality, it borders on the comic. Comedic yes, but it's not funny.

A counter-argument: The "War on Terror" is unlike any battle the United States has ever fought. We can't just bring in tanks and troops to win this one. We are engaged in a wide-scale, nationless, asymmetrical conflict---one that has already struck America's mainland. The enemy is not going to fight our aircraft carriers or our nuclear submarines. The enemy does not have to. He only has to strike at his convenience and opportunity. *He has only to win the support of the indigenous populations, who will allow him a safe haven.* No Pentagon is needed; no multi-million dollar stealth bombers, only a place, however remote, from which to strike the enemy. Then, a return to the sanctuary, once again ensconced in a safe haven.

²⁵ The exact quote is "We're an empire now, and when we act, we create our own reality. And while you're studying that reality--judiciously, as you will---we'll act again, creating other new realities, which you can study, too, and that's how things will sort out. We're history's actors...and you, all of you, will be left to just study what we do." Ron Suskind, "Without a Doubt," *The New York Times Magazine*, October 17, 2004, 51.

Does the Model Fit?

From our discussions above, it's clear the 20th Marshall Plan model does not fit our 21st century world. So, let's throw more Marines and Humvees into a trouble spot that suddenly becomes very troubled. Let's not attempt to assess the underlying causes of this present conflict. Fine by me. I'm at the age where I will live the remainder of my life unaffected by this unfolding opera. Plus, it also helps to live in an obscure part of America. No bombs in Northern Idaho.

An Approach to the Problem

A few suggestions: The best defense against this kind of enemy is to undermine his support base, sometimes with a drone missile and boots on the ground. But in the long run, hardware and riflemen won't do it. In a nationless, asymmetrical war, *the enemy will only be defeated by denying him his safe havens and the support of the local citizenry.*

How can he be denied these havens? How can he be alienated from those around him? I don't have the specific answers, but it seems reasonable to expect he will only be defeated when it is recognized his approach is not as attractive as an alternative. The alternative? Aid, disguised as bribes, and widely advertised with propagand. That is, beans and bombast.

I may come across as cynical. Beans and bombast: another Marshall Plan bribery scheme. Perhaps, but I hope I am also realistic. At the heart of the Marshall Plan and at the heart of what America must attempt to do with the present conflict lies the basic idea that almost all humans (granted, not all) will opt for living a life of security and plenty over any political or religious dogma. A shop owner in Baghdad does not care whether a Sunni or a Shiite is running the country, as long as his shop is not being bombed.

The Dangerous Minority. Time and again, history tells us it is not the common man who initiates wars. It is not the majority of citizens of a country who decide to attack another country. Wars are started by either a small cabal who gain power over the masses, or a zealot who becomes a dictator. In the late 20th century and in the early 21st century, we see a new trend: A small number of individuals take it on their own (a nationless assemblage) to attack someone else:²⁶

Most members of the human race are decent people and manage to sublimate any killing genes that might have been stranded on their DNA. But our world has evolved to where a small number of people can terrorize a huge population. As examples, mayhem can be created by small groups, such as the Baader Meinhof gang in West Germany (20-30 members); the Red Brigandists in Italy (50-75 members); the IRA in Northern Ireland (200-400 members); and the religious militants in Afghanistan, who have attacked New York, Washington, London, Madrid, and other places.

Before we humans had weapons of mass destruction, a few rebellious people or a few sociopaths did little harm. But the present danger is that these deranged people will someday be armed with weapons of mass destruction.

²⁶ Uyless Black, *The Deadly Trinity* (Hayden, ID: IEI Press, 2007), 31.

We must not kid ourselves. The Kahn Group in Pakistan has been caught selling nuclear material to others.²⁷ More recently, highly enriched uranium (HEU) has been stolen from Russian facilities and smuggled through the Caucasus Mountains in Georgia to places (at this time) unknown.²⁸ In 2005, 42 million shipping containers from overseas entered U.S. ports. Presently, our technology and operations cannot reliably detect weapons-grade uranium that might be hidden inside one or some of the containers.²⁹

Again, in a nationless, asymmetrical war, an asymmetrical warfare enemy will only be defeated by denying him his safe havens and the support of the local citizenry. He (and his cabal) must be (a) isolated from his potential constituency and (b) denied the reins of power over the local populace.

Sacrifice

I have no idea how our future leaders are going to combat the Osama bin Ladens of the world, but I am skeptical of America's will to face this challenge. After 9/11, America's President declared a *war against terror*. *War*, a word not to be taken lightly. The word carries with it enormous consequences. Then what? He pushes through a tax cut, the exact opposite of what is needed to fund a war.³⁰ In so doing, he robs America of the funds to maintain its infrastructure.

If it's a war, where are the Freedom Trains? Where is the rationing? Where is the Marshall Plan-like national propaganda machine? Where are those Lions Clubs and New York students paying for the funding of the war? Where are the queues at the local recruiting station? *Where is the sense of urgency?*

Even if Americans summoned up the collective will to fight this new war, even if we launched Freedom Trains and went on rations, it is not clear our country will have the economic means to carry forth massive Marshall Plan-like campaigns. The national debt is high and getting gaining altitude. Of course, if America's economy and the Gross Domestic Product (GDP) continue to grow, can the increasing debt be serviced.³¹

But that is a *big if*. The increasing costs of health care and other entitlements, as well as the costs of the Iraqi and Afghanistan wars, will increase. Thus, we must continue to rely on other countries to lend us money. As long as they are willing to purchase government bonds, we are in fine shape.

²⁷ It was caught in the act of trying to sell Libya a \$100 million nuclear arsenal package. William Langewiesche, "The Wrath of Khan," *The Atlantic Monthly*, November, 2005, 63.

²⁸ Lawrence Scott Sheets, "A Smuggler's Story," *The Atlantic Monthly*, April 2008, 60-70.

²⁹ Thomas B. Cochran and Matthew G. McKinzie, "Detecting Nuclear Smuggling," *Scientific American*, April, 2008, 98-104

³⁰ Who cannot favor tax cuts? I like them for myself. I like them for our country...if they are accompanied with government spending cuts. But our tax cuts *with* a larger government budget is akin to our flirting with the proverbial 900-pound gorilla. In the end, we can't win.

³¹ During WWII, America's federal public debt as a percentage of GDP was 120%! Today, it is about 63% and has hovered around 60% since 1993. It did dip to around 58% in 1999-2000. http://en.wikipedia.org/wiki/United_States_public_debt.

I don't mind America owing its citizens *some* money. If we buy U.S. Treasuries, we pay back ourselves, even though self-lending can be destructive. I fret more about China holding \$1 trillion of our debt. Why is this debt a (potential) problem? Should China decide to sell-off a large portion of these instruments, the value of the US dollar will be significantly and adversely affected.

I'm tired. I suspect you are, too. Let's take a break. We'll finish-up the Marshall Plan subject in the third and last segment of this report.

A 21st Century Marshall Plan? Report Three: The Rule of Law

March 24, 2008

Hello from Your on the Street Reporter. To wrap-up the report, this segment examines a concept called *the rule of law* and its possible application to an international 21st century Marshall Plan.

The rule of law is now the current “big idea” for running a country. In its simplest form, it states that *good governance leads to a wealthier nation*. Furthermore, the experts claim the better the rule of law, the richer a nation will become. Several surveys support this claim, as shown in Figure 5.³² With some minor exceptions, rich countries score well on rule of law measures. Poor countries do not.

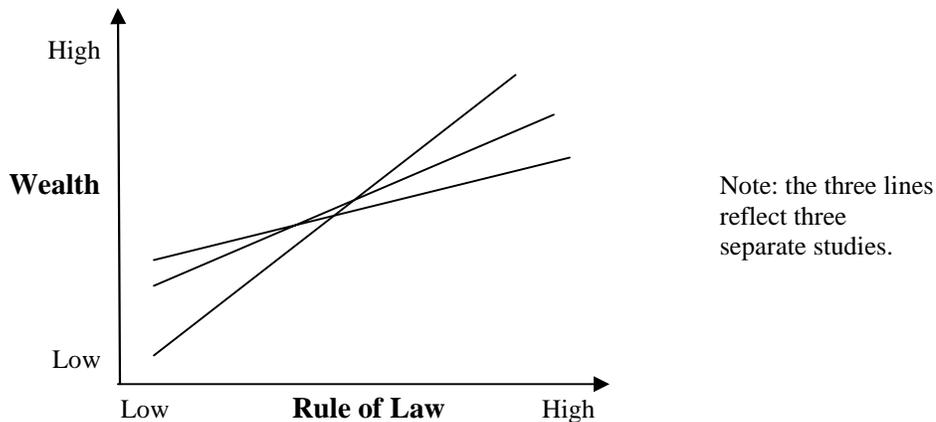


Figure 5. Wealth and the rule of law.

Noted economists claim those countries adhering to the rule of law do well. Many foreign policy gurus also support this claim, which appears to your reporter to be common sense. Anyway, during the past couple decades, rich nations, and agencies such as the World Bank have funded rule of law initiatives in many countries, such as the “training of judges, reforming prisons, and setting up prosecutor’s offices.”³³ Almost half this bank’s lending of \$27 billion in 2006 had a rule of law slant.

The concept is so well accepted that the European Union (EU) has established the rule of law standards for an applicant to satisfy before it is granted admission. In so doing, the applicant can draw on the resources of the EU to make itself a “better” country.

It sounds too good to be true. Maybe it is because in the last few years, rule of law critics have emerged. (What should we have expected?) These detractors claim the supporters of the rule of law have not shown beyond a doubt that “the rule of law is a precondition for economic growth

³² “Order in the Jungle,” *The Economist*, March 15, 2008, 84.

³³ *Ibid.*, 84.

everywhere.”³⁴ Other naysayers state no one can define the rule of law, because too many variables are involved. From these debates, two definitions of the rule of law have emerged:

- Thick rule of law: Tied to liberty, democracy, and freedom of speech. This definition takes on aspects of political morality; what’s “right” and what’s “wrong.”
- Thin rule of law: Not necessarily tied to democracy or morality, but to property rights and the efficient administration of justice.

To add confusion, the pundits toss in the concepts of civil law and common law and then argue which of the two offer better rule of law support. From this end, it seems to me they are trying to pick-out a few grains of pepper from the salt shaker. It has been demonstrated, without controversy, that the rule of law is sound. Through thick or thin---so to speak---common or civil law operate effectively under its umbrella.

What might come as a surprise is how some countries have improved their lot in life in a short time by taking on rule of law concepts. Bold, quick reforms are recommended:³⁵

Some countries have been able to improve their legal framework even in a short time. In 2000 Mikhail Saakashvili, then Georgia’s minister of justice, sacked two-thirds of his country’s judges for failing to pass an exam. Four years later as president, he fired all the country’s traffic police. Georgia’s World Bank rule of law score rose from nine out of 100 in 2002 (in the bottom 10%) to 33 at the end of 2006---low but better. Central European and Baltic states are doing better still: the radical legal changes required by membership of the EU improved their economies as well as their judicial systems.

Hm. Seems as if the rule of law may have something going for it. (Again, at the risk of trivializing the subject, it’s common sense.) Let’s explore some other ideas.

Does the rule of law lead to a more peaceful world?

For the sake of this discussion, let’s assume a typical country is well-governed and scores high as a rule of law nation. If so, does this situation make such a country less prone to go to war? The answer to this question is important. If the answer is yes, we should be taking every effort to make the entire world operate under the rule of law. (I suspect there are studies answering this question as both yes and no. If you come across them, please let me know.)

Let’s take as one example, the United States. America is a well-governed democracy and has gone to war eleven times (I count major wars, not the Panamas, Grenadas, etc. Nor do I count the Civil War):

³⁴ Ibid., p. 84.

³⁵ Ibid., p. 85.

1. Revolutionary War
2. War of 1812
3. Mexican War
4. Spanish American War
5. WWI
6. WWII
7. Korean War
8. Vietnam War
9. Afghanistan
10. Iraq I
11. Iraq II

Democratic America has taken on a major war on an average of about every 20 years. Is this a lot? Compared to what or whom? If we examine Europe during the 15th to 20th centuries, most of the countries---governed by kings or queens---were continuously fighting. It was difficult to discern where one war stopped and another began. Anyway, I look forward to your opinions, because I'm not sure America's track record persuades me a "rule of law country" is less likely to be a warrior nation in comparison to other types of states.

Does trade kill killing?

Let's try another tack. Does trade between countries lessen the chances of the countries going to war with one another? Again, I suspect studies have been done on this subject. I would offer that trade does diminish the chances of war (but does not necessarily eliminate all aggression). Reducing international conflict comes about, not just from trade itself, but also because a trade relationship requires a mutual understanding of, and respect for each other. It fosters frequent intercourse and communications---all which lead to a friendlier atmosphere.

This belief was fundamental to the Marshall Plan and the formation of the EU. Time and again, during the years of 1948-1951, Marshall and his colleagues insisted the European countries remove their trade barriers against one another. The idea of a European Union had been around for many years. But it was France's "Schuman Plan"---bolstered by Dean Acheson's appeal to Schuman to incorporate Germany into a future Europe---that led to an agreement between Germany and France (and four other countries) to share the risks and rewards of the mineral resources nested around their contiguous borders. It was a monumental event. A joint higher authority---beyond current national autarkic mentality---was set up to require a participating country to compromise its economic operations in the short run, but for the long run interests of all participants.

Do democracies go to war with other democracies?

Another issue related to this discussion is the question of: Do democracies go to war with other democracies? Yet another important idea, because once again, if the answer is yes, then let's develop an international plan to make all countries democracies. (anon and Arabs respond, "Fat chance.")

Anyway, we use the United States again as an example:

War	Nature of Enemy's Government
1. Revolutionary War	Monarchy
2. War of 1812	Monarchy, with limited parliament
3. Mexican War	Dictatorship
4. Spanish American War	Monarchy with diluted parliament
5. WWI	Kings/dictatorships
6. WWII	Dictatorships/Cabals
7. Korean War	Communist dictatorship
8. Vietnam War	Communist cabal/"President" ³⁶
9. Afghanistan	Theocracy
10. Iraq I	Dictatorship
11. Iraq II	Dictatorship

From this anecdotal study, it does appear the theorists are correct. But then, we should not be sanguine about this isolated survey, because the data are sparse. Not many democracies have existed in the history of the human race. For a while, America was the only one with a major influence in the world.

Is the rule of law the place to start?

Maybe we are on to something here. Using the models of the World Bank and the EU, America could base its enormous aid program on some version of the rule of law.

Uh oh. How about all that aid to Egypt, a country with low rule of law scores? Or Pakistan? Or one of our major trading partners, China? How about Saudi Arabia?

This gets sticky, because *the rule of law* sometimes gets in the way of *the rules of life*. For example, it is not feasible to cut off aid to Egypt. We have to prop up its corrupt regime to keep the Islamic fanatics in Cairo at bay. The Saudi monarchy is not in the top ten of enviable democracies, but we need the Saud's oil. So leave them be. The rule of law must take a backseat to the rules of life.³⁷

Notwithstanding these problems, it seems reasonable that for many parts of the world---those places where America has more leverage---we should use the rule of law as part of our BBB programs. But here is where yet another controversy comes into play. Which comes first, the rule of law or wealth? That is, does the rule of law create the culture for a country to flourish, or does

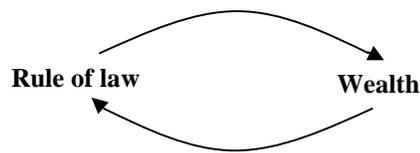
³⁶ President Ho Chi Minh was a Communist, but his main focus was not Communism; it was the liberation of his country. For a while, he courted the Western powers, and some historians think he could have been persuaded to side with the West on many issues (such as Tito in Yugoslavia). Alas, the French wanted Vietnam, and ignored promised elections. Fittingly enough, the French did not get Vietnam; they got Dien Bien Phu.

³⁷ By the way, why aren't the neo-cons preaching our invading Saudi Arabia and China, overthrowing their despots, and installing Christian Democrats? It is at this point where the neoconservative philosophy breaks-down. The neocon applies the *thick* rule of law and therefore places much of his/her stock in political morality. But the rules of life don't operate on the fine points of "right" or "wrong." They operate on the Darwinian fine point of *survival*. As Samuel Butler put it, *the great law of nature is self-preservation*.

an accumulation of wealth provide opportunities for implementing rule of law measures? The experts are divided on this issue.

I'll venture to say that sometimes wealth comes first. (Some of the European countries became wealthy long before they had any semblance of the rule of law.) Yet, sometimes the rule of law comes first (America's abjectly poor 1500's colonies in the northeast increasingly practiced the rule of law and eventfully became wealthy.)

But the situation is more complex. For example, the colonies had an abundance of natural resources. So, let's suppose that the rule of law and wealth are interrelated, that they reinforce and feed on each other. This view is more realistic;



In the end, it does not matter if our leaders agree on whether rule of law or wealth comes first, if thin is better than thick, or if civil law is better than common law. After all is said and done, the rule of law is desirable unto itself, because its use elevates our race.

It's a Wrap

The European Marshall Plan; a Marshall Plan for the 21st century; the rule of law. They are idealistic concepts, but ones that warrant our examination.

In the long run, it is in America's best interests to level the playing field of wealth in relation to other countries. Our altruism might be construed as noble, but it's quite selfish. Anon says, "You can't keep the lions from your gates by depriving them of bones." And Emerson advises, "People say law, but they mean wealth."³⁸

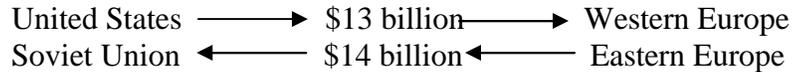
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³⁸ Ralph Waldo Emerson, *Journal*, Sept-Oct, 1841. Secondary source: Leonard Roy Frank, *Quotationary*, Random House, New York, 2001, p. 436.

Postscript: Once Again, Beans, Bombs, and Bombast.

In this report, I've made the case for using aid as...for lack of a better word, bribe: Feeding the marauding lions some bones.

A few more points. Consider these two illustrations of the money flow in first part of the Cold War:



Whose side would you be on? Looks like an easy answer. Yet, it is not.

In researching for this essay, I came across many readings about the European's attitude toward the United States between 1915 – 1950. Some of the citizens, especially the leftist intellectuals, deplored the U.S. for its arrogant, gross ways (an issue discussed earlier), its imperialistic nature, and its practice of free-market capitalism. (Not much has changed since those times.)

I'm amused by the French criticism of our arrogance and imperialism. After all, they were our role models. As well, many of the European countries were steeped in socialism, and believed that capitalism was evil, because it sorted out "winners" and "losers."

Some of the people across the pond suspected the Marshall Plan as being a cover for America's imperialistic designs on Europe. Russia played this card often while it murdered millions of people and depleted the inventories of Eastern Europe. Yet, as this was happening, many people in Europe were praising Communism and complimenting Stalin!...Even rationalizing his show trials.

To combat these naive malcontents, besides bombs and beans, America created a huge bombast campaign under Radio Free Europe and the Voice of America. Noted private citizens created the Congress for Cultural Freedom (CCF) (underwritten by the CIA and the Ford Foundation). Some efforts were heavy-handed, others were effective.

Even Coca-Cola was not immune from suspicion. France led the charge. After learning 240 million bottles of Coke were to be sold in this country in 1950, France protested that Coke would be doing double duty as a U.S. espionage network.³⁹

Criticism from afar, "...enthusiasm for Communism in theory was characteristically present in inverse proportion to direct experience of it in practice."⁴⁰

³⁹ Judt, *ibid.*, p. 221.

⁴⁰ Judt, *ibid.*, p 202.