

**An Arab Marshall Plan:
A Partnership and Cooperation
for the Future of the Middle East
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Rapport**

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The Marshall Plan and the Social Market Economy in Post-WWII Germany

I want to refer to the theme : The Marshall Plan and the social market economy in post World War II in Germany. Germany had started the war when Hitler was the aggressor against Poland, later France and nearly all other European Nations including Russia.

The Second World War ended with millions of soldiers and civil persons dead. Millions of people were murdered in Germany : Jews, gypsies, priests, people who spoke against the Nazis... All these men came into concentration camps ; many of them were murdered. Germany was a wasted country economically and intellectually. German cities were destroyed by millions of bombs. For instance, the city of Dresden was destroyed by 98% ; my home city Nuremberg was destroyed by 95%. It was a huge and terrible war which ended with an unconditional surrender. We had in Germany more than 10 million refugees and displaced people. Afterwards, the Western allies started a program to reeducate German people to democracy and to clean them from Nazi ideology. Russia had some millions of prisoners of war and took them to coal mines in Siberia. The machines in German factories were destroyed and brought to Russia. In winter time 1946-1947, there was a great need in Germany. The harsh winter had been a catastrophe. The nutrition, energy supply and transportation sectors collapsed. Without the help of the United States and the United Kingdom, it would have been even much worse.

The former Foreign Minister George C. Marshall presented in a speech to Harvard University students a program for the reconstruction of Germany in June 1947. As a precondition for American aid, he demanded a joint initiative for the European States. His idea was : only a united Europe can be economically healthy and can oppose any totalitarian regime, and he developed the European recovery program. The Marshall plan's official title was the European Recovery Plan. It was an American initiative to aid Europe in which the United States gave about 15 billion dollars, around 120 to 150 billion dollars in the current value, to help rebuild European economies. The plan was an operation for four years beginning in April 48. The goals were to rebuild war destroyed regions, to remove trade barriers, to modernize industries, and to make Europe prosperous again to prevent the spread of communism.

The Marshall plan required the lessening of interstate barriers, a dropping of many regulations constraining business and an increase in productivity, labor union

membership, as well as the adoption of modern business procedures. The Marshall Plan aid was divided among the participant States, roughly on a per capita basis. A large amount was given to the major industrial powers. The recipients of Marshall Plan money were the UK (26%), France (18%), and West Germany (11%). 18 other European countries received Marshall Plan benefits. The Soviet Union refused the plan's benefits and also blocked benefits for Eastern bloc countries such as Poland and East Germany. The reason was that the Russians feared the US control over communist economies.

The Marshall plan had bipartisan support in Washington where Republicans controlled Congress and Democrats controlled the White house under Truman's presidency. The State department provided the expertise of William Clayton and George Kennan to craft the plan. Help was given by think tanks and NGOs. Additionally, there was a technical assistance program where the US bureau of labor statistics could use its expertise in the field of productive efficiency to implement a productivity drive in each European country receiving aid. The bureau of labor statistics used existing data to calculate how much a worker produces per hour of work and the average output rate, than it compared it to other output rates in other nations, which lead to identifying strengths and weaknesses in each country's industrial production. They could recommend technologies that each individual nation could implement, and these technologies often came from the United States. The American government sent hundreds of technical advisors to Europe, and vice versa, the technical assistance program funded 24000 European engineers and industrial leaders to visit American factories. The European countries joined an organization for a European Economic Cooperation, the EEC.

The Marshall plan looked to the future and did not focus on the destruction by the war. Money was important, but much more important was the effort to modernize European industrial and business practices using high efficient American models, reducing artificial trade barriers, and instilling a sense of hope and self reliance. By 1952, as the funding ended, the economy of every participant state had surpassed pre war levels ; output was at least 35% higher than in 1938. Over the next two decades, Western Europe enjoyed unprecedented growth and prosperity. The Marshall plan was one of the first elements of European integration. For hundreds of years, there were wars after wars in Europe. After WWII the European integration had to make war in Europe impossible. Indeed, within the European community, no war took place during the last 70 years ; the Yugoslavian war was in Europe but not in the European community. France that was the enemy of Germany became its most narrow ally.

As for the third pillar of the economic miracle, it was the implementation of the social market economy. It is a form of market capitalism combined with a social policy favoring social goods especially social insurance. Social market economy aimed to combine free initiatives and social progress on the basis of competitive economy. Social market economy is opposed to laissez-faire politics in Anglo American capitalism and to social economies that obviously failed in the 1990s. Social market economy combines private enterprise with State regulation and State intervention to establish fair competition maintaining a balance between economic growth and low levels of unemployment, good working conditions, social welfare, and public services.

Ludwig Erhard and Konrad Adenauer implemented social market economy. In putting social policy on par with economic policy, they reached the third way between capitalism and communism. The essence of the social market economy is to maximize the output of private markets through state macroeconomic management. By decreasing poverty and broadening economic prosperity to the middle class capital market, participation would be enlarged. Social market economy also requires

that government regulations and even sponsorship of markets can lead to a superior economic outcome. The social market economy corresponds to the social ethics. In the center of economy is the human being not the money. I think it would be very interesting to compare Christian economic ethics with Islamic rules for economy, but it is not the theme of my speech today. The Marshall Plan was very successful in Germany and in Europe for social welfare and peace and human rights. It was not only an economical program for it created peace by exploring the principles and practices of pluralism, human rights and democracy.

I think the existence of Lebanon with its mosaic of 18 religions and the coexistence of Christians and Muslim Sunnis and Shiites depends on tolerance and on denying fanaticism and extremism. The existence of Lebanon depends on tolerance and respect for other religions and political opinions. So Lebanon should be a model for a new Arab world. Lebanon is a messenger State for tolerance, democracy, human rights and economical success for the entire world, especially for the entire Arab world. Lebanon has to be a delight house for the Arab world and the Middle East. The idea of Maison du Futur is great. I wish all the success for this think tank, and for this conference day. Thank you.