Dirk Stikker, Men of Responsibility

Caption: Dirk Stikker, Netherlands Foreign Minister from 1948 to 1952, describes the economic situation in the Netherlands after the Second World War and recalls the US aid granted to the countries of Europe under the Marshall Plan.
Source: STIKKER, Dirk. Men of Responsibility, A Memoir. London: John Murray, 1966. p. 163-165.

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The situation which the Marshall Plan sought to remedy was grave. In the Netherlands, worse hit by the war than any other country in Western Europe, it was critical.

According to an official study, published by the Dutch Ministry of Foreign Affairs in 1954, the looting policy of the German occupation forces and the ravages of war had, by May, 1945, caused damage in Holland amounting to three and a half times our 1952 national income. Our wealth had been reduced by almost 30 per cent. Daily food rations had dwindled to barely 600 calories per person. Supply of fuel, clothing, footwear, blankets and furniture had stopped. About one hundred thousand houses had been destroyed, while the population had increased by 6 per cent since 1939. There was scarcely any industrial production at all; agricultural production was barely half of that of 1938. Road and rail traffic was paralyzed: the railway network was at 20 per cent of its 1938 capacity. Fifty per cent of our oceangoing tonnage had been sunk. Harbor installations were reduced to less than half, and the sea approaches to harbors were partly blocked. The monetary system was completely upset, part of the gold reserve had been stolen, and another part had been used for our war effort. There was a radical change in our relations with the outside world, in which before the war Indonesia and Germany had played the dominant roles.

Our task was threefold: to reconstruct the war damage; to adapt the economic structure to the new external situation, notably with countries overseas (Indonesia); and to adapt our economy to the rapidly increasing population.

All this meant that we had to increase our production, especially that of industry, to well above the prewar level. We were able to accomplish this thanks to only two assets. The first was the determination and unanimity of the Dutch people. A concrete example was the Foundation of Labor. Dutch unity of purpose is well illustrated by the figures of working days lost through strikes: in 1924, 3,156,000 man days were lost, but in 1946 the figure was 682,000. (At this time the bona fide trade unions were still fighting with the Communist labor organization; in 1952, when this battle had been won, the loss was down to 31,000 man days, and in 1953 it was 30,000.) The other asset was the aid received from the United States, which amounted to more than 1.1 billion dollars between 1948 and 1953.

By 1947 industrial production in Holland was already above the average prewar level. However, the financing of the deficit in our balance of payments of 1.6 billion guilders (of which 1.3 billion was with the United States) could only be financed that year by selling gold, by liquidating foreign assets and bonds and by raising foreign loans. On January 1, 1948, the Netherlands Bank had only 15 million dollars in cash on hand. We had to reduce our purchasing program by 40 per cent, call in dollar securities and continue to sell gold. Without Marshall’s 1947 speech and all that flowed from it, we would have been forced to take much more stringent measures.

More or less similar situations existed in other European countries. Great Britain received its loan of 3.75 billion dollars in the hope that the convertibility of the pound could be restored; five weeks after its restoration, convertibility had to be dropped.

Everywhere in Europe crisis was threatening and it would have burst out, with all the explosive dangers of social and political upheavals, if the announcement of the Marshall Plan had not changed the atmosphere completely. Churchill’s words won the war, Marshall’s words won the peace.

The first positive step in response to Marshall’s speech was the decision, taken by the Western European ministers on July 12, 1947, to draw up the European Report. This document, setting forth the European position and needs, was prepared under the able chairmanship of Lord — then Sir Oliver — Franks and sent to Washington in September, 1947. The dollar deficit for the sixteen participating Western European nations was calculated for the period 1948 to 1951 at 22.4 billion dollars — greater than was originally expected. Nevertheless, Marshall reported to Congress that “the Paris Report correctly identifies the courses of action necessary to produce recovery, and indicates an approximate order of magnitude of the cost for the full four-year program."

It was immediately recognized that this sum was beyond the ability of the European countries ever to repay. The problem then to be resolved was that of the creation of devices for handling this enormous dollar aid without inflationary effects and with maximum efficacy. European representatives went to Washington for discussions during this preparatory period, which resulted in the system of grants-in-aid and counterpart funds — which contributed so decisively in later years to preventing inflation.

On April 3, 1948, President Truman signed the Foreign Assistance Act after obtaining full support from Senator Vandenberg in one of the best examples of truly bipartisan policy in America.

While this immense operation called for bilateral agreements between the United States and the participating countries, it also required the establishment of a multilateral organization of a new and spectacular character. This was to be the Organization for European Economic Cooperation (OEEC). The convention creating it was signed on April 18, 1948.

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