SOVIET OPPOSITION TO THE RECOVERY PROGRAM

Soviet opposition to a European reconstruction program will be demonstrated at the Paris Conference of 12 July by the absence of delegates from the USSR and its Satellites, including Czechoslovakia. Less direct indications of Soviet opposition will be seen in the future in Communist interference within the participant countries and in vigorous propaganda emanating from Moscow. British support of the program, on the other hand, will continue to be strong. French support, now that the Soviet position is fully clear, will probably continue strong despite the expected domestic Communist opposition.

The basis for British interest in a successful implementation of the US proposals is fully apparent. The UK will benefit immediately by the provisions of the program and ultimately by general European recovery More particularly, in the face of a new economic crisis, the proposals provide an escape for the UK from having to choose between increased domestic austerity and the application for another US loan. Both choices are politically unpalatable, if not impossible. The UK has therefore seized upon the proposals and has been the driving force in constructive action to implement them. The clear-cut Soviet refusal to join in the program has solidified British support through its effect in uniting the Labor Party on foreign policy, particularly vis-a-vis the USSR.

French interest in the success of a European recovery program is as strong as British, but French ability to participate hinged upon the strength with which Foreign Minister Bidault resisted pressure from the USSR and from French Communists. In order to side with the UK against the USSR Bidault had to abandon the postwar French policy of preventing an East-West division of Europe. In holding to his courageous decision to support the recovery program despite Soviet opposition, Bidault was considerably strengthened by the efforts of Bevin to put the French in a position of apparent leadership at the Big Three meeting. Bidault also strengthened his own hand in future dealings with the French Communists by offering a last minute "compromise," which did not actually compromise on fundamentals. This move, in anticipation of final Soviet refusal, was designed to disarm the French Communists and to align French public opinion behind the present government.

Soviet opposition to joint action on the basis of the Marshall proposals was based upon more than the familiar concept that Communism flourishes upon economic distress. On this occasion the USSR was caught in a real dilemma. If the USSR chose to participate in the recovery program, it would have been obliged to sacrifice the exclusive economic controls established in Eastern Europe since the war and to permit a western reorientation of Satellite economies into the broader European economy envisaged by the program. Such a course, which would jeopardize Soviet hegemony in Eastern Europe, was absolutely unacceptable. On the other hand, by refusing to participate the USSR would violate a cardinal principle of Soviet policy: to permit no combination of powers without Soviet participation with power of veto. The ultimate decision to follow this latter course, despite its potential dangers to Soviet interests, was probably made in the confident expectation that France would not dare to enter the program after Soviet refusal. This decision to gamble upon a French withdrawal gained further support from Soviet conviction that the US will suffer an economic collapse before the recovery program can become effective, and that such collapse can be hastened by Soviet non-participation.

The strength of the Soviet opposition to the European reconstruction program can best be measured by the last-minute refusals by the Satellite nations to participate. Until the final word was received from those countries, there was every evidence of their strong desire to participate. Such evidence of overpowering Soviet opposition gives warning that the USSR will utilize every opportunity to defeat the ends of the recovery program.

In the immediate future the USSR can only resort to a propaganda onslaught upon the program, because more overt action (such as a wave of Communist-led strikes in France) might weaken the Soviet position in Western Europe still further. Two premises will probably be guiding concepts in the Soviet propaganda campaign: (1) that the European states, because of their rivalries and conflicting interests, are incapable of developing an effective program; therefore, the projected program will only disappoint the exuberant hopes of the participants and thus promote further antagonism among them; and (2) that the US within a year will undergo an economic collapse that will make impossible the fulfillment

of its proposals and may finally lead to the collapse of capitalism generally. Soviet propaganda will thus: (1) seek to increase suspicion and division among the participating states; (2) capitalize upon every snag and failure in the development of the program; (3) continue to cast suspicion upon US motives; and (4) predict the collapse of the US economy before the program can be fully effective.

In view of the certainty of vigorous Soviet counteraction, both Bevin and Bidault have shown anxiety regarding any delay in the effective implementation of the prospective program. Bevin is particularly apprehensive lest the USSR should succeed in persuading the participant European states that it is vain to hope that timely US aid will actually be forthcoming. He has predicted that, if effective US support is deferred until the late fall or winter, Europe, including France, will be "lost."

EFFECTS OF NON-PARTICIPATION ON THE SATELLITES

Non-participation by the Eastern European countries in the forthcoming Paris Conference on the Marshall proposals will seriously complicate the discussions and will create numerous problems for the Communist-dominated governments.

Poland, Hungary, Yugoslavia, and Rumania are in desperate need of western economic aid to reconstruct their war-ravaged economies. The economies of Czechoslovakia and Finland, while less dependent on western aid, are so inextricably tied with those of participating nations that the USSR's decision has presented them with the gravest problems. The Marshall proposal, therefore, has dramatically highlighted the basic conflict in these countries between national self-interest and subservience to the Kremlin. Non-participation will inevitably increase popular resentment and magnify the difficulties already facing the Communists in maintaining their police control over these countries.

Participation in the plan by the nations of Eastern Europe, however, could have benefited the entire European economy only if the USSR had also agreed to cooperate and to relax its economic demands upon the Satellites--particularly for Polish coal, Rumanian and Hungarian oil and food, and Yugoslav raw materials. Given continued Soviet obstructionism, therefore, western aid to the Satellites would materially increase their economic potential without producing corresponding benefits to Western Europe.

The political nature of the Soviet decision is underlined by the inescapable conclusion that the USSR had more to gain economically from participation by its Satellites than Western Europe. Increased Polish coal production, without which full recovery and greater industrialization of the Polish economy is impossible, is dependent upon the import of western machinery. Moreover, Poland's decision will seriously impair its chances to obtain a World Bank loan of $100,000,000. The USSR, therefore, appears willing to lose an opportunity to make Poland economically strong in order to deprive Western Europe of increased quantities of Polish coal. The USSR would have similarly benefited by Rumania's participation in the plan. Increased production of Rumanian oil and food resulting from the import of western machinery, agricultural equipment, seeds, etc., is essential if Rumania is to recover economic stability; and the USSR probably would have demanded the greater share of any such increases in the form of reparations.

One of the major problems facing the conferees at Paris will be the extent to which the countries of Western Europe can count upon the continued fulfillment by the Satellites of existing trade agreements. Czechoslovakia's trade with the West is far greater than with the USSR and its Satellites. Approximately 7,000,000 tons of Polish coal is committed to participating nations during the next year. Yugoslavia, Hungary, and Bulgaria also have fairly extensive trade relations with many of the western nations. A logical extension of the USSR's decision--now that the lines are so definitely drawn--might well be gradually to sever all economic ties between Eastern and Western Europe. Such a move would be a tremendous short-range detriment to the economy of Eastern Europe, and at the same time it would be a serious threat to the success of the Marshall proposals. Moreover, it would free the US to make a substantially larger contribution in return for economic stability in only half of Europe.