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PERSONAL & CONFIDENTIAL

Dear Mr. Dulles:

Here is the draft memorandum to the Secretary of State on a World Economic Plan, which Mr. Jackson discussed with you in Washington.

It will form the basis for discussion at a proposed Princeton meeting similar to the one you attended in 1952 on the subject of psychological warfare.

Sincerely,



Marie McCrum
Secretary to Mr. C.D. Jackson

Mr. Allen W. Dulles
2430 E. Street N.W.
Washington, D. C.

Approved for Release
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DRAFT MEMORANDUM TO THE SECRETARY OF STATE

After fourteen months in Washington, with a special portfolio in what is known as the "cold war", it was only natural that I should return to private life with certain ideas as to our assets and liabilities, our successes and failure, and our unfilled needs in this field.

The free world and its leader, the United States, is under one serious handicap, about which very little can be done at this late date. That is, that Communism and the Soviets have monopolized, and in a very subtle way made their own, most of the benign words.

At the Berlin Conference, you will recall that Molotov never referred to the East German regime, or the Chinese Communist regime, or the puppet regimes of any of the satellites, without the adjectival prefix "democratic and peace-loving". Theirs is Picasso's "peace" dove. They are the sponsors of a whole variety of "peace" petitions and campaigns.

Millions of people throughout the world know that these are Soviet absurdities -- Soviet lies. And yet very subtly, through the endless repetition of these words and slogans, some part of what they want to convey does rub off onto the subconsciousness of these same millions of people.

We on our side have had to make an unwilling contribution to this Soviet propaganda. Because Soviet expansion had gone so far and gathered so much momentum before we were willing to recognize the full gravity of the Soviet threat, our reaction had to be mainly a military reaction, either active as in Korea, or defensive as in NATO and EDC and our wide-ranging military assistance programs.

Thus, while the Soviets were capitalizing on the repetition of the symbols of peace when actually waging war, we were forced to capitalize on the symbols of war while actually trying to preserve the peace.

One result of this military emphasis on our part has been that almost all of our long-term planning has been long-term military planning, with short-term economic planning thrown in when, as, and if. I don't think it is an exaggeration to say that the structure of our free world alliance is in grave danger of bogging down, even militarily, because we do not really have a long-term economic policy, outside of financial shoring up of military requirements.

I know that this is no new thought to you, but I wanted to state it because I feel that there is a particular urgency to this thought right now. The realization of this particular vacuum in our leadership has suddenly begun to gain tremendous momentum abroad, and if the realization is allowed to progress for many more months, we will be making the temptation of Russian economic and trade blandishments almost irresistible not only to many of our precariously balanced friends, but even to some of our very good friends.

Finally, the recent H-bomb developments have produced a real intellectual and emotional crisis throughout the world, and including our own country. The curse was almost off the A-bomb -- which was just about to be accepted as the newest conventional weapon -- when the H-bomb went off, and people said to themselves, "This one we cannot live with; there must be some other way."

That "other way" we have not yet shown the world. And that is the purpose of this memorandum.

For many years, we have had a peaceful weapon which we attempted to use and on which we spent billions -- namely, economic relief and reconstruction.

The Marshall Plan (ECA) was a stupendous undertaking in terms of billions of dollars. Its successors -- MSA and now FOA and TCA -- are tremendous undertakings.

The Marshall Plan for a period (note that I do not say brief period, although it actually was all too brief) captured world imagination. It is tragic that this impact was lost to such an extent that both here and abroad there are a lot of people, many of them sincere, who consider that economic effort of ours a failure.

Volumes could be written about the reasons why this is so. Let me try to state it in an oversimplification: -- Except for the Governments and industrial leaders involved, the beneficiaries at the end of the line, millions of people all over the world, never did and still do not understand either what we did, or why we did it.

Most recently, the President made another effort in the direction of world economic policy through the Randall Commission and his Message to the Congress on foreign economic policy. This was progress, but not sufficient to solve the problem, for two reasons.

In the first place, because of the composition of the Commission, its conclusions, though bolder than many previous attempts, nevertheless had to be politically "possible", and therefore what finally went to the Congress was already a fairly low common denominator.

In the second place, the terms of reference of the Commission were such that all they could address themselves to was a review of subjects

which had already been reviewed and argued about many times before -- subjects which did not have either the novelty or the drama to capture popular imagination both here and abroad in such a way as to start the kind of popular ground swell which so often brings about important and decisive political moves.

* * *

What the United States needs, in the development of its foreign policy, in its successful counter to Soviet expansion, in its determination to roll back Communism by peaceful means, is a bold, imaginative plan embracing not just one, but all, of the possible elements involved.

The essential element of such a World Economic Plan is that it will work. It must contain things to be done -- things that can be done. We have had tons of theory, but hardly more than ounces of action. If a World Economic Plan is developed on this basis, it will then have sufficient dramatic appeal to be understood by people everywhere. And if people want it, governments will want it.

The free world possesses the raw materials to develop such a plan. To name a few -- food, trade, currency, atomic power, people, ideas. The problem is to consider them together rather than separately, to place each in the best context where it will do the most good, and to state it all in such a way that all can understand and all can take heart.

* * *

To develop such a plan exclusively within Government is, with rare exceptions, almost impossible. The intellectual, emotional, and political limitations are such that men in Government, even of the best will, tend to water down their ideas, work out inter-departmental compromises, and

look over their shoulders at Congress, with the result that their end product is already well diluted. By the time it emerges from the political hopper most of the imaginative juice has been squeezed out of it.

What is needed is a small group of men, some from Government (but representing themselves and not their Departments), intellectually capable of grasping the problem -- men of bold imagination -- to sit down together for a weekend away from Washington and to roam the far reaches of the idea of a World Economic Plan.

The details of what might be done already exist in many minds and in innumerable studies, memos, and reports. What is needed is not another report, but an imaginative synthesis of much that already exists, to which should be added a large number of action items which up to now Washington has either shied away from or which have become lost in the mass of papers.

Recommendations should be made without regard to their political or legislative feasibility. Those checks and balances will have plenty of opportunity to exert themselves, but they should be exerted on a maximum rather than a minimum proposition.

It is to be hoped that the President would see in the World Economic Plan the action fulfillment of his April and December speeches, and that sometime this fall, preferably in September, he could present the idea of a World Economic Plan to the United States and the world.

I am confident that if a World Economic Plan contains those ingredients which will unmistakably add to the welfare and prosperity of this country and of the free world, the fact that the grass is indeed greener on freedom's side of the fence will cease to be merely an American statement, and become a reality.