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REMARKS OF THE HONORABLE JOHN DAVIS LODGE, M. C. FOURTH DISTRICT, FAIRFIELD COUNTY, CONNECTICUT, ON THE FLOOR OF THE HOUSE OF REPRESENTATIVES ON MARCH 23, 1948, IN SUPPORT OF THE EUROPEAN RECOVERY PROGRAM.

Mr. Chairman, The measure which we are now considering is the product of many minds; it is the result of much searching thought. Like all of man's creations, it is not perfect. Like most of the measures which come before us, it does not represent in every respect precisely what each member of the Committee on Foreign Affairs desired. It is the result of compromise. It is an able symbol of the effective and efficient functioning of our constitutional process.

Millions of words of testimony have been written and spoken in connection with this vast project. Hundreds of minds have applied themselves to the gathering of information, to the elaboration of detail, and to the exploration of the many intricate implications of this huge undertaking.

And now it is before us. It is before us at a time when the threat to peace and freedom which many thought had been disposed of at the end of World War II has become more formidable and cumulative than ever. It is before us at a time when even the wisest are incapable of complete answers. It comes before us at a time when expeditious action is imperative.

Many vital questions are dealt with in that part of this legislation which is concerned with the economic recovery of Europe. The members of your Committee on Foreign Affairs have given a great deal of study and thought to such questions as the vital needs of the American people, the use of the foreign assets in this country, our requirements in strategic materials, an effective export controls policy, guarantees of the convertibility of foreign currencies, loans, shipping, the protection of American rights abroad, the dismantling of German plants, the use of foreign currencies, reciprocal self-help among the European nations, the paramount problem of administration, and many other matters.

Mindful of the fact that these problems have already received considerable attention and that they will be further discussed when the bill is read for amendments, I should like briefly to discuss the European Recovery Program as a part of our nation's foreign policy.

There has been a natural preoccupation in the minds of many of us arising from our desire to obtain a composite rather than a piecemeal view of the international dilemma. The European Recovery Program will depend for its success on the early evolution of these other segments of our foreign policy. These must be brought forward on a concurrent front in order that this program shall operate under the most propitious circumstances possible.

In order to create such a favorable economic, social, and political climate, we should, it seems to me, take steps to fill in the many gaps in our peacetime strategy. Peace is achieved through strength. War is usually a derivative of weakness.

Accordingly, I should like to venture a few suggestions which, if acted on, would, in my opinion, serve to buttress the forces of freedom.

1. It may be said that although the United Nations Organization has so far failed of its objectives, it can nevertheless provide the framework for the useful purpose of spreading international responsibilities and integrating the efforts of those nations which are seeking to defend their freedom and their independence against the brutal onslaughts of Communist tyranny.

Accordingly, it is my considered view that a meeting of the United Nations should be called under Section 109 of the Charter in order that this organization should be strengthened; with Russia if possible, without Russia if necessary.

2. Instruct our representatives to the International Monetary Fund, to which we make a huge contribution, to recommend that an International Monetary Conference be called for the purpose of effecting a planned devaluation of

the currencies of the sixteen nations participating in the European Recovery Program, and in order that this may be accomplished with a minimum of economic dislocation and a maximum of benefit for Western Europe and for the American taxpayer. The amount involved in the European Recovery Program is based on the estimated balance of payments deficits. Because the dollar has become the basic currency in the world today, the needs of the participating countries are estimated in terms of dollar deficits. Since these foreign currencies are artificially pegged, the Marshall Plan constitutes to a considerable extent an attempt on our part to bridge the gap between the legal and the real value of these currencies. A devaluation of these currencies would make European commodities cheaper to buy. It should be expedited in order:

- (a) that these countries may increase their exports and thereby reduce their dollar deficits;
- (b) by reducing their dollar deficits, reduce the load on the American taxpayer; and
- (c) increase American imports and thereby reduce the cost of living in America.

3. The President should decide on a policy with respect to export controls, and with particular reference to Soviet Russia and her satellites. Here we must recognize that a revival of trade between Eastern and Western Europe is important to European recovery. It is to be hoped that when we have helped the ERP countries to create a capital goods surplus, the agricultural surpluses of Eastern Europe will flow into Western Europe, in spite of the Iron Curtain. On the other hand, it should be our policy and the policy of the nations receiving our aid not to help Russia to defeat ERP. Any other policy is unthinkable. Furthermore, our government should impose an export controls ban on shipments to Russia and her satellites of munitions, airplane engines, certain types of electrical equipment and machine tools and any other articles which can be used directly as war potential. This entire aspect of our foreign policy should not be allowed

from day to day on an improvised basis. It should be carefully considered, clarified, and synchronized with the European Recovery Program in order that it can help to implement its major intentions.

4. Whether or not Western Europe can recover without a revival of trade with Eastern Europe we know that European recovery is impossible unless Germany is enabled to contribute. To isolate Germany from Western Europe is to compromise European recovery and add enormously to the burden of the American taxpayer.

Under Section 115 (e) "The Administrator will request the Secretary of State to seek to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program."

It is my hope that the Administrator will, as soon as possible after his appointment, look into this vital matter. The question of dismantling has been a source of considerable worry to many of us. It is enormously complex. Suffice it to say that Western Germany is now being administered under directives which bear no relation to European recovery but which are based on the vain and futile premise that Western Germany should be treated as a viable economic unit. The criteria adopted with respect to reparations and dismantling should be revised and adapted to the European Recovery Program. To the objection that this will strike fear into the hearts of those nations which have suffered from German aggression, I would reply that this fear will be mitigated to the extent that we give evidence of our intention to sustain these nations in their efforts to preserve their freedom and independence. It is caused largely by their apprehension regarding support from the United States.

5. Instruct our representatives to the International Bank for

Reconstruction and Development, to which we make a predominant contribution, to call a meeting of the members of the Bank in order that the activities of this organization should be co-ordinated with the purposes of the European Recovery Program. For instance, I have been informed by Stanislaw Mikolajczyk, former leader of the Polish Peasant Party, that every dollar we spend in Poland goes to Russia. Former Ambassador Lane's arresting book tends to bear this out. Yet it is rumored that the World Bank is about to make a loan of 40 million dollars to the Communist Government in Poland. If Mr. Mikolajczyk is right, and his opinion is certainly entitled to a great deal of weight, we would, in contributing to such a loan, be helping the Russians to defeat the Marshall Plan.

6. Provide for a military establishment adequate to meet the urgent threat to our national security. Our power should be commensurate with our commitments. We must assume a military posture which will discourage external aggression. Since internal aggression is greatly facilitated by fear of external aggression, American armed might can also do much to combat internal force.

7. It is my conviction that the United States and the nations participating in the recovery program, including China, should enter into regional multilateral military agreements pursuant to Article 51 of the United Nations Charter with a view to creating political and economic conditions which will assist the recovery of these nations, for the purpose of protecting their freedom and independence from external and internal aggression, and in order that the military dispositions undertaken by them shall be predicated on European rather than on national considerations, thereby effecting important economies in the military establishments of these nations while achieving greater overall strategical strength.

8. We must learn to operate in the twilight zone in which Communism

makes its greatest gains. We must adopt effective counter measures to neutralize and roll back the subversive minority elements which by intimidation, bribery, and corruption are thwarting the spontaneous forces which are the lifeblood of freedom. We must have a peacetime OSS. Such an effort on our part would cost but a fraction of the vast program which is contemplated here. It would help to assure its success and, by diminishing riots and strikes, would substantially diminish the cost to the American taxpayer. We are not reluctant to use flame throwers and atom bombs when we are at war. We are willing to furnish economic aid and to embark upon an information and cultural program in time of peace. We must decide to do what is necessary to fill in this vacuum in our strategy in order to win the cold war. We must learn to operate in this no man's land in order to block the insidious and treacherous attempts of these purveyors of terror to use freedom for the purpose of destroying freedom. Respect for law does not require us to stand supinely by while these laws are perverted and demolished. Equity looks to the substance. We must intervene in order to protect these nations from Soviet intervention -- from Soviet domination. "Intervention for non-intervention" the great Hungarian patriot Louis Kossuth advocated almost 100 years ago. Let us heed his advice. It can be done. It must be done; and the sooner the better. If we do not help the police in these countries they will become police states.

9. The State Department's information and cultural program must be stepped up to the realm of psychological warfare. Newsprint must be provided to those who are resisting the red fascists and on-the-spot radio broadcasts inaugurated. We must also make full use of word-of-mouth propagation of information in this battle for men's minds.

There should be a drastic reorientation in the entire program. While Russia is telling lies about us we must tell the truth about Russia. Here it is interesting to note that the percentage of Communists in countries

behind the Iron Curtain is far less than the percentage of Communists in countries outside the Iron Curtain. For instance, former Premier Mikolajczyk has informed me that in Poland but 3 percent of the population are Communists. In Czechoslovakia at the last election there were 38 percent. I dare say that now that the Republic of Czechoslovakia has succumbed to the Red infection, the number of Czech Communists is closer to 3 percent than to 38 percent. The vaunted Communist paradise is in fact a Red hell. But when people are exposed to the distressing conditions caused by a great war it is perhaps natural that they should think that a change will be an improvement; it is human nature to believe the reckless and deceitful promises, the malicious distortions and lies slyly made by the panderers of the Politburo. We must present the constructive alternative. It is our mission to sell America to foreigners as effectively as Palmolive is sold to Americans. I believe that the many responsible and patriotic leaders in the American labor movement can do a great deal to help toward an understanding of this grave choice. They have already done much and I know that they will do a great deal more.

10. And finally, it is clear to me that our nation's policy should be to encourage the participating nations to engage in an European economic federation which will serve as the basis for a United States of Europe, thus fulfilling the hope once expressed by George Washington. If they do not voluntarily federate for freedom they will have a Soviet federation imposed upon them.

A chief object of this great effort is to spread freedom by extending the free trade area. A world contracted by science must be united by freedom if peace is to prevail. If the objective of ERP were to restore Europe to its 1938 condition, if its purpose were to put Humpty Dumpty together again, then we would be wasting our time and our treasure.

Our predominant purpose must be related to the relentless realities of the period in which we live. Many historic forces, economic, social, political, and military have wrought irremediable changes in the structure of the European complex of nations.

On our part we must give a vigorous demonstration that we understand the portentous challenge of this precarious peace as fully as we have always understood the grim challenge of war. We must make full use of the felicitous flexibilities of our free system. We can and we must distill out of the confusions, disappointments, and apprehensions of this postwar period, not only the physical means but the spiritual resolve to persevere in this terrible battle until the concept of the brotherhood of man under the fatherhood of God has spread its ineffable blessings among the godless hordes who are seeking to enslave us.

Let us have faith.

The secret of our unequalled standard of living is that the precepts on which America is founded are timeless in their validity; they are never obsolete. The doctrine of freedom is the most modern, the most flexible, the most dynamic, the most truly revolutionary force that the world has ever known. We must understand what are the great motive powers which have propelled America on the successful adventures which she has undertaken. We must translate the American idea into terms so persuasive, so contagious that the freedom-loving peoples of the world will recognize the choice with which they are confronted.

Mr. Chairman, I have attempted in these few remarks to touch on some of the highlights of what, in my opinion, should be done to create a coordinated and effective foreign policy. Had the true challenge been recognized at Yalta, Teheran, or Potsdam, we would not be in our present predicament. Had this dread menace been understood two years ago, we could have done much to



redeem our pledges and thereby preserve for millions of people the blessings earned for them in large part by the blood and valor of our fighting men. But it is idle to lament over an irretrievable past. What's done can't be undone. If the diplomatic blunders of appeasement can spur us on to militant action in the inexorable present they will at least have served some purpose.

If we pass this unprecedented law, it will in the eyes of the world be a measure of our intentions to support the forces of freedom. We will have provided them with a constructive alternative. In particular, it can have a most salutary effect on the valiant souls in Italy, who, while we deliberate here, are enduring their great Gethsemane, locked in mortal conflict with the evil minions of Communist reaction.

"Once more unto the breach, dear friends,"

Let it be said by future generations that Italy, the cradle of Western civilization, the seat of the Vatican, the source of much of our precious inheritance, was saved for posterity not only by the determination of the Italian people, but also by the understanding and resolve of the people of America.

Let us take action "against a sea of troubles and by opposing, end them."