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AVRUPA BİRLİĞİ SİYASETİ VE ULUSLARARASI İLİŞKİLER
ANABİLİM DALI

**THE MARSHALL PLAN AS A CATALYST FOR EUROPEAN
INTEGRATION: A NEO-FUNCTIONALIST EDIFICE ON A NEO-
REALIST GROUND**

YÜKSEK LİSANS TEZİ

Hilal POLAT

İstanbul – 2020

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ABSTRACT

THE MARSHALL PLAN AS A CATALYST FOR EUROPEAN INTEGRATION: A NEO-FUNCTIONALIST EDIFICE ON A NEO- REALIST GROUND

In the aftermath of World War II, Europe was suffering from the devastation brought by conflict, together with food shortages and high unemployment. However, the US emerged as a superpower with economic growth that was achieved during the war. Western Europe was about to fall under the threat of another superpower, the Soviet Union. Hence, the Marshall Plan, also known as the European Recovery Program (ERP), was created as a means of revival and cooperation. The thesis aims to analyze how the Marshall Plan affected the post-World War II European integration process until the creation of the European Economic Community (EEC). With a focus on post-war transatlantic relations and coordination, the thesis elucidates how post-war American foreign policy influenced the relations in the European states, especially between Germany and France, focusing on the German problem at that time. The thesis examines the effect of the Marshall Plan on the early European integration through the assumptions of two different theories. In this vein, the beginning of the integration process is examined through a neo-realist lens, while neo-functionalism is applied as a means to provide an interpretation of its progression. The thesis offers a theoretical contribution to the study of US-European relations, including the events revolving around at the start of the Cold War.

Keywords: European Integration, Marshall Plan, the US, Transatlantic Relations, Neo-Functionalism, Neo-Realism

ÖZET

AVRUPA BÜTÜNLEŞMESİNİN KATALİSTİ OLARAK MARSHALL PLANI: NEO-REALİST TEMELDEKİ YENİ- İŞLEVSELÇİ YAPI

II. Dünya Savaşı sonrasında, Avrupa kıtlık ve yüksek seviyedeki işsizlik ile birlikte, çatışmaların getirdiği yıkımdan muzdaripti. Ancak ABD, savaş esnasında sağlanan ekonomik büyüme sayesinde bir süper güç olarak ortaya çıktı. Batı Avrupa, başka bir süper güç olan Sovyetler Birliği tehdidi altına girmek üzereydi. Böylece, Avrupa Kalkınma Programı (ERP) olarak da bilinen Marshall Planı, bir canlanma ve işbirliği aracı olarak ortaya çıktı. Bu tez, Marshall Planı'nın II. Dünya Savaşı sonrası Avrupa entegrasyon sürecini Avrupa Ekonomik Topluluğu'nun oluşturulması sürecine kadar nasıl etkilediğini analiz etmeyi amaçlamaktadır. Savaş sonrası transatlantik ilişkiler ve koordinasyona odaklanan tez çalışması, savaş sonrası Amerikan dış politikasının Avrupa devletlerinde, özellikle Almanya-Fransa ilişkileri bağlamında, Alman sorununa odaklanarak nasıl etkilediğini açıklamaktadır. Bu çalışma, iki farklı teorinin varsayımları ile Marshall Planı'nın Avrupa bütünleşmesinin ilk zamanlarındaki etkisini incelemektedir. Bu bağlamda, bütünleşme sürecinin başlangıcı neo-realist bir mercekten incelenirken, yeni-işlevselcilik ise sürecin devamını yorumlamak için bir araç olarak uygulanmıştır. Bu tez çalışması, Soğuk Savaş'ın başlangıcında gelişen olaylar da dahil olmak üzere ABD-Avrupa ilişkilerinin incelenmesine teorik bir katkı sunmaktadır.

Anahtar Kelimeler: Avrupa Bütünleşmesi, Marshall Planı, ABD, Transatlantik İlişkiler, Yeni-İşlevselcilik, Neo-Realizm

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ABBREVIATIONS

CEEC	Conference for European Economic Co-operation
COMECON	Council for Mutual Economic Assistance
COMINFORM	Communist Information Bureau
DM	Deutsche Mark
ECA	Economic Cooperation Administration
ECSC	European Coal and Steel Community
EDC	European Defense Community
EEC	European Economic Community
EIB	European Investment Bank
EPU	European Payments Union
ERP	European Recovery Program
EU	European Union
GARIOA	Government and Relief in Occupied Areas
GATT	General Agreement on Tariffs and Trade
IMF	International Monetary Fund
MSA	Mutual Security Administration
NATO	North Atlantic Treaty Organization
OEEC	Organization for European Economic Cooperation
PME	Plan de Modernisation et d'équipement

SHAPE	Supreme Headquarters of the Allied Powers in Europe
UK	United Kingdom
UNRRA	United Nations Relief and Rehabilitation Administration
US	United States
USD	United States Dollar
WEU	Western European Union



INTRODUCTION

Europe was economically on the verge of collapse in an arduous battle to recover from the scars of World War II. Most of the industrial and cultural cities were war-torn, and the streets were suffering from pandemonium, including the ones in the United Kingdom (UK), Belgium, France, Germany, and Italy. Due to the disruption of agricultural production by World War II, famine was almost inevitable in the European continent. The transportation infrastructure of the continent also suffered widespread damage due to airstrikes. It can be claimed that the United States (US) was the single power that was not structurally impacted by the War. The US owned a foreign policy instrument or a diplomatic tool, known as the Marshall Plan. In this vein, the Marshall Plan functioned as an immediate remedy for the European continent. As our hypothesis dictates, the thesis sheds light on the post-War era examining the impacts of the Marshall Plan on the early European integration process through the assumptions of neo-realism and neo-functionalism. While doing so, neo-realism is applied as a theory to explain the origins of the Marshall Plan and neo-functionalism helps to provide an interpretation for the events in its progression. The Marshall Plan or known as the European Recovery Program (ERP), acted as a noteworthy catalyst for the post-World War II European integration process in a way that can be analyzed with a hybrid theoretical framework.

Stories describing these dire conditions began siphoning through to the Truman White House even before the war ended. The Missourian had been president for only two weeks when Assistant Secretary of War John J. McCloy delivered a firsthand account from across the Atlantic. The news was not good. McCloy described the Central European situation as one of “complete economic, social, and political collapse ... unparalleled in history.” While he saw some hope in France and Belgium, he warned that without some “reestablishment of their economic life they too can very well be torn apart by the collapse now in effect all over Middle Europe.” (Holm, 2017, p. 25)

At the time of this tumultuous state, the Soviet Union intended to seize Europe. The vulnerability of the European continent, which had the probability of surrendering to the communist regime of the Soviet Union pushed the US to action. Therefore, the US Congress would produce the legislation that would lead to a foreign aid with a global strategy and the reconstruction of Europe that culminated in deeper integration. This strategy in a European scope would be based on the tactical interests of the US, which

had the potential of drawing support from both Democrats and Republicans politically. At the same time, it re-established the concept of sovereignty in Europe. Wars and enmities, particularly between France and Germany, had left huge scars in the continent, which meant progressive restrictions on the sovereignty of European states and adjustments would be necessary for potential European cooperation (Price, 1955, p. 348). The Marshall Plan symbolized the prologue to an unusually swift period of transformation that turned into a “Golden Age” of the 1950s.

The point of the Marshall Plan was not to rebuild Europe at all, but to build an entirely new Europe. Its most enduring legacy is visible not so much in the steel mills and railways and farmlands of nations like Germany and France. It is visible in the institutions that ended centuries of European conflict, transcended old ways of thinking, and formed the basis for West European and Trans-Atlantic unity. (Albright, 1997, p. 7)

The national interest factor that fed the US motivation to put the Marshall Plan forward can be analyzed in three ways. Firstly, the plan was a shift in the American global strategy. Secondly, if the European continent had been unable to recover after World War II, the worst scenario would have repeated itself. The war destroyed extreme right movements; however, there was a possibility that the new extreme left could tear France, Germany, Italy, or Greece with totalitarianism. Thirdly, if Europe fell into the hands of that kind of totalitarianism and the US did not act as a garrison state, the US and possibly Canada would be the only democracies in the Euro-Atlantic.

Considering the analysis of the direct and indirect impacts of the Marshall Plan on the European institutions and the integration process in the long-run, one can make the assumption that it culminated in more than the immediate short-run progress even though it may sound controversial depending on different views and expectations. From the modern perspective of recent policymakers, the Marshall Plan can be studied with a profound understanding of the foreign aid concept. According to Price (1955), “in the United States, there was a growing belief that without substantial increases in cooperation and integration Europe would never find its way out of an economic and political wilderness” (p. 348). The way it produced a massive literature may not be easily underestimated. It can also be identified as the pioneering structural adjustment program

with resemblances to the policies for developing countries that have been promoted by the World Bank and the International Monetary Fund (IMF) since the 1980s.

The initial efforts concerning European unity were exerted with the Marshall Plan. Through this process, the main actors of the plan had different roles and contributions. The Six -France, West Germany, Italy, and the Benelux- were paving the way towards more integration, ultimately creating the European Coal and Steel Community (ECSC) and the European Economic Community (EEC). At the same time, the US and its government agency Economic Cooperation Administration (ECA) affected the steps taken through this process started with the formation of the Organization of European Economic Cooperation (OEEC).

European Unity was first discussed in the USA in September 1942, in a paper by the Council on Foreign Relations entitled 'American Interests in the Economic Unification of Europe with Respect to Trade Barriers'. The USA was still very sensitive about its exclusion from the European trading empires in the 1930s, and the paper concluded: The United States would favor economic unification of Europe only if steps are taken to avoid the creation of an autarkic continental economy. Positive American policy should aim at the interpenetration of Europe's economy with that of the rest of the world, as well as lowering economic barriers within Europe. To be successful in this course, the United States must work for the reduction of trade barriers against European goods throughout the world including the United States. (Killick, 1997, p. 134)

The forms that the US policy took in 1949-1950 reflected the fact that during this period, the ECA had the initiative in formulating and directing American foreign economic policies and programs (Price, 1955, p. 120). The inspiration brought by the US can be easily observed in all steps taken until the EEC. In this vein, European countries had to take the initial steps towards economic integration in this system. It was a condition of this financial aid offer. At that time, Europe was ideologically divided by the Iron Curtain of Winston Churchill. West Germany suffered from the Iron Curtain with a large flood of refugees from the east, which resulted in unemployment issues. West Germany was dealing with post-war trauma as well as economic issues at that time. It is important to remember that Secretary of the Treasury Henry Morgenthau, Jr. suggested the toughest proposal for penalizing Germany to the Second Quebec Conference (Dietrich, 2013, p. 51). Known as the Morgenthau Plan and based on the intention of preventing Germany

from industrialization to wage a potential war, this plan was abandoned swiftly. Since the Western Allies did not seek compensation regarding the war damage, the US had the opportunity to put the Marshall Plan into action. The Morgenthau Plan could seem attractive to those who were afraid of the defeated aggressor at first. While the Morgenthau Plan represented pastoralization, the Marshall Plan symbolized industrialization. Putting Morgenthau Plan into action was going to mean more Germanophobia in the European continent and a weaker Western Germany potentially to be infested with the eastern neighbors. On the contrary, the Marshall Plan represented an integrated Germany, a thriving European continent that would need for exports from the US.

It can be claimed that the Marshall Plan did serve as more than an ordinary economic relief. It provided the European countries with the idea of turning foreign aid into economic self-help. It functioned as a brand-new approach to rehabilitation and integration at the same time. This approach was also a natural outcome of the crisis in 1947.

Until 1947 it had been generally assumed that the massive relief and rehabilitation program conducted through UNRRA, supplemented by measures to facilitate international loans, payments and trade—through the international bank for Reconstruction and Development, the Export-Import Bank, the International Monetary Fund, the International Trade Organization, and the General Agreement on Trade and Tariffs—would enable Europe to get on its feet again. But the crisis of 1947 destroyed these assumptions. (Price, 1997, p. 258)

Clearly, on the Atlantic side, the American funded United Nations Relief and Rehabilitation Administration (UNRRA) was not able to support the European continent. As Holm (2017) stated, “UNRRA’s principal expertise was in contributing emergency aid and helping repatriate and assist refugees. It lacked the capacity and the resources for the continent-wide task ahead” (p. 26). It was clear that an international organization did not have enough capabilities to carry out the task of rebuilding Europe in technical terms. Therefore, on the other side of the Atlantic, rebuilding Europe would be the responsibility of the US.

This thesis puts the Marshall Plan as a driving force in the center of American foreign policy, and it analyzes its role in European integration with reference to the Cold War emphasizing on the years of 1945-1958. While neo-realism as an international relations theory contributes to explain the motives, tools and the coordination process behind the Marshall Plan, neo-functionalism as a regional integration theory is applied to explain the developmental phase of European integration until the formation of the EEC. Neo-realism, as an international relations theory, provides insight regarding the transatlantic balance of power, self-help, and containment. In the neo-functionalist explanatory phase, spill-over effects are prominent. The Marshall Plan culminated in building the institutions that coordinated the economies of Europe into a sole entity serving as a prologue to the creation of the ECSC and then EEC. Therefore, the Schuman Plan was cemented on a ground equipped and fertilized by the Marshall Plan endeavors. Western European countries needed a great deal of know-how rather than huge financial gains. The plan also brought the US out of isolationism to cooperate with European countries while being beneficial for both sides of the Atlantic after World War II. It can be claimed that the Marshall Plan was produced as a program for the speedy recovery for the European economy and improvement of living standards while remodeling the European market for the welfare of both Europeans and Americans.

The methodology that the thesis pursues is contextualizing the analysis with a literature review of articles, official government documents, books, and secondary analysis of various arguments, relevant ideas, or information. To be able to conduct a proper literature review, the resources were also scanned in the libraries of the US in its fullest sense, with a focus on the sections of concerning European studies and transatlantic relations. While doing this, the thesis provides a new analysis on the issue standing clear of the economic technicalities of the plan. Still, it includes the impetus for the creation of the plan, its implementation process, and related cooperation. In the theoretical framework part, neo-realism as a theory of international relations discipline, neo-functionalism as a regional integration theory and the concepts concerning these two theories will be focused on. Then, it will be followed by how these theories explain the catalyst role of the Marshall Plan on European integration until the formation of the EEC.

Lastly, the thesis highlights the claim that the Marshall Plan functioned as a catalyst in promoting European political and economic integration in the post-World War II years of transatlantic collaboration, mainly between 1945-1958. The impact of the plan on the early European integration is analyzed with a neo-realist view in its origins and with a neo-functionalist process in its progression until the establishment of EEC. That is to say; the thesis provides a hybrid theoretical interpretation based on two different theories. Besides, the thesis elaborates on how post-war American foreign policy helped the deepening of the relations between European countries, especially between Germany and France, while solving the German problem during this time-span.



CHAPTER I

THEORETICAL BACKGROUND

In this chapter, the theoretical origins and theoretical evolution of the thesis will be emphasized in detail. This chapter underlines the theoretical structure that makes the Marshall Plan regarding post-World War II European integration due to its neo-realist basis morphing into a neo-functionalist edifice. Starting with neo-realism and ethical realism in the sub-headings given, this section provides the evolutionary framework of the thesis explained with neo-functionalism and spill-over concept correspondingly. To be able to analyze and understand the role of the Marshall Plan in European integration until the establishment of EEC, it is vital to highlight the theoretical foundation shaping and building it. Nevertheless, it must be known that politicians do not act upon theories, but their “mindset” may overlap some theoretical frameworks. Concordantly, these theories refer to “policy relevance”. Thus, policy relevance mostly appears to be in the eyes of the beholder; however, an absence of accuracy regarding its meaning may lead to confusion when people use the term in different ways (Horowitz, 2015). First, the roots initiating the plan were actually neo-realist while it was standing for a transatlantic balance of power. Just to clarify, this neo-realist image perceived was not based on a downright intentional process. Secondly, the plan promoted European integration with spill-over effects of its neo-functionalist evolution giving Europeans the self-rule to execute the plan. Therefore, in an attempt to analyze its theoretical qualities, the definitions of neo-realism and neo-functionalism should be explained with the logic behind.

1.1. Neo-Realism

This part focuses on the theoretical structure, which lies in the origins of this thesis since the starting point of the thesis is neo-realism. In the first place, neo-realism will be elucidated with its basic concepts such as the balance of power and distribution of capabilities as it is the main ground, which will be used in the Chapter Two to clarify the beginning of the Marshall Plan. After World War I, international relations was born as a discipline explaining theories such as idealism and realism. Idealism lost its prominence

as a theory after the devastation brought by World War II. Thus realism became more important in the international relations arena with the prominent works of notable people such as George Frost Kennan, Edward H. Carr, and Hans J. Morgenthau. Among them, Kennan played a key role in the development of the Marshall Plan. In this part, ethical realism will also be analyzed, as its one of the founding fathers is Kennan and due to its importance on US foreign policy motives towards Europe. Morgenthau's *Politics among Nations: The Struggle for Power and Peace* (1948) and Carr's *Twenty Years' Crisis: An Introduction to the Study of International Relations* (1939) are the two most important studies starting the realist upheaval.

As neo-realism is the starting point of this thesis theoretically, classical realism will be explained first, and then neo-realism will be focused on. The thesis highlights the main concepts and framework shaping neo-realism in this part because the motives and roots behind the Marshall Plan were actually neo-realist while it was signifying a transatlantic balance of power and containment in the making of European integration.

Realism can be traced back to the 5th century with Thucydides, an ancient Greek thinker. After World War II, international relations has become a separate branch of study, and classical realism emerged as the first school in the field as a progression of realism itself. One of the most important figures of classical realist theory was Hans Morgenthau. Living between 1904 and 1980, he was one of the first and the most prominent supporters of the theory. His name also will be mentioned under the heading of ethical realism. Classical realism came to existence in the post-World War II era as a way to explain international politics employing human nature. Apart from Morgenthau, the theory is mostly associated with thinkers such as Niccolò Machiavelli and Thomas Hobbes in its long-standing roots. On the foundation of classical realism, humanity is selfish and has a tendency to wage wars. However, it is rational. This rationality leads to social contracts with the people accepting the power of a state that protects their rights. The state is very similar to a human being surviving in nature in a classical realist system. This theory claims that the international system is anarchical, and it is state-centric. Thus, there is an absence of trust between the actors with ongoing rivalry and survival. The use of power is inevitable in this system, and wars are accepted as natural. It is quite

pessimistic in this aspect because it focuses on repeating conflicts and patterns of power politics. In this darkened world, concepts like the balance of power and the security dilemma appear as the fundamental realist tools.

Morgenthau explained six principles of his realist theory, constituting the very essence of political realism. First, he claims that objective laws govern politics and these laws have their roots in human nature (Morgenthau, 2006, p. 34-35). History of human relations can give us information to understand politics. History repeats itself, and objective laws can be created.

According to his second principle, national interest is defined in terms of national power. It is regarded as the master key to international politics. Political realism does not give much importance to the motives and ideology of the statesmen. Instead, it judges their actions regarding their actual performance towards the securing of national interests. Belief in the ideological preferences of the statesmen as the basis for judging the actions of the state is deceptive (Morgenthau, 1978, p. 8).

According to the third principle, interest is always dynamic, depending on the factors. It can change according to time and place. The fourth principle emphasizes that abstract moral principles cannot be applied to politics. The fifth principle is that there is a difference between the moral aspirations of a nation and universal moral principles (Morgenthau, 2006, p. 38). A specific morality cannot be universal in this aspect. Morgenthau's last principle of political realism is that the difference between political realism and other schools of thought is real is profound (Morgenthau, 1978, p. 13). It is highly intellectual as a theory, and it maintains the autonomy of the political sphere.

Realism found a chance to renovate and reintroduce itself during the Cold War years. Kenneth Waltz's *Theory of International Politics* (1979) can be clearly credited as the founding text of neo-realism, also known as structural realism, with its theoretical tenets. Waltz attempted to fix the imperfections of the classical realism of Hans Morgenthau with his more scientific attitude in his above-mentioned book. Whereas Morgenthau related the struggle for power to human nature, Waltz tried to avoid this logic putting emphasis on rationality rather than human nature as a reason for conflict. Instead,

he rooted his theory of international politics parallel to microeconomics. He asserted that states in the international system are similar to firms in a domestic economy and have the same ultimate concern: to survive. “Internationally, the environment of states’ actions, or the structure of their system, is set by the fact that some states prefer survival over other ends obtainable in the short run and act with relative efficiency to achieve that end” (Waltz, 1979, p. 93). This situation compels the states to maximize their power reasonably to the other inasmuch as there is no assurance that another state will not engage in a menacing behavior. In this structure, the maximization of power works for bigger states, whilst survival is about smaller ones. As a consequence, states, particularly the great powers, are the foremost actors in the system.

Neo-realism shares the three most vital assumptions of classical realism. First, there is a state-centric assumption indicating that states are the main actors in the international system. Secondly, there is the assumption of rationality. According to this logic, states are rational actors. Thirdly and the last of all, states seek power, and their interests are defined based on their power. This is called power assumption (Keohane, 1984, pp. 22-28).

Neo-realism or “structural realism” mainly focuses on the effects of the “structure” of the international system while explaining outcomes in international politics. In Waltz’s formation of the theory, as the sophisticated version of realism, two elements are particularly prominent about the international system. In the first place, anarchy comes out as the ordering principle in the international system. This means there is no concept of world government and with no higher authority above the states, so-called main units of the system. This so-called “anarchy” basically means that a world government doesn’t exist at all in this logic (Waltz, 1979, p. 88). Anarchy as the ordering principle of international relations remains unchanged while the distribution of capabilities among states may diverge. Contradistinctively, domestic politics are structured by hierarchy. Their interacting units are governmental institutions and organizations. This automatically leads to a self-help system with a lasting effect on the behavior of states. In the context of anarchy, the uncertainty of each state leads to interdependence. “States do not willingly place themselves in situations of increased

dependence. In a self-help system, considerations of security subordinate economic gain to political interest.” (Waltz, 1979, p. 107).

In the second place, the distribution of capabilities comes out as another prominent principle. Capabilities, namely power, differ considerably between states. These two basic elements, anarchy and the distribution of power – result in a concept of international politics known as a pool table. It consists of balls with the same material and shape, but their sizes are highly different from each other. Medium and small-sized balls mostly stay around the corners and do not move, whereas the largest balls circulate on the whole table, knocking over from time to time and controlling the game or defining how the game is played. A noteworthy term to be mentioned in connection with the balance of power concept is bandwagoning. This occurs when a state aligns with a stronger power, as a strategy employed by weak states (Ikenberry & Mearsheimer, 2001, pp. 162-163). According to the neo-realist way of thinking, the more a state is powerful, the less likely it is that other states will attack. Thus, this leads to never-ending competitiveness and hunger for power. The states in this arena prepare for the worst to come, and security measures are taken. These security measures guarantee survival for the states. In this environment, powerful states should have the ability to perform more than less powerful states. Interests grow as relative power upsurges. Concerning the corner-stone goal of survival or security, hegemonic ambitions by others turn out to be a major hazard to the units of the system. Hegemonic threats are better to be counterbalanced in a neo-realist environment, that is to say, in the world of anarchy.

Apart from the concepts that are mentioned above, there is the assumption of polarity in the international system. It has been controversial for a long time among realists considering which sort of system is in more tendency to conflict. These systems include a bipolar system with two great powers and a multipolar one with three or more great powers (Dunne, Kurki, & Smith, 2016). Before World War II, dominating order was multipolarity. After the US and the Soviet Union appeared as the two great powers, the others were, multipolarity was the order. World War II produced two great powers (the US and the Soviet Union), and the others were wiped out. About this rationale, no-one was to be blamed for the outcrop of the Cold War since it was the direct outcome of

bipolarity. What is strange about bipolarity is only the two superpowers have the capabilities to counterbalance. Allies may assist, but they are superfluous in their functioning under bipolarity. Thus, provided that the US had been unsuccessful in quitting its isolationist attitude previously, the Soviet Union would be more likely to get the upper hand (Waltz, 1979).

The national interest is another elusive concept produced by neo-realists. The international system is shaping national interests and states' international behaviors. (Telhami, 2002). This leads to "socialization" because the states mimic each other in this system (Waltz, 1979, p. 127). Neo-realism can be divided into two subsections: Offensive realism and defensive realism. It is essential to know their similarities firstly. For instance, they both assert that the international system is anarchic. Also, states are continuously driven to sustain power and support security because their actions are shaped by their self-interests and their need for survival. Moreover, these two sub-theories assume that states can never be sure of the real intentions of other states.

John J. Mearsheimer was the first to coin the term of offensive realism in his book *Tragedy of Great Power Politics* in 2001. According to offensive realism, states always seek to achieve power whenever it is possible. This process also includes power maximization. It is a must for states to search for the definitive goal of global hegemony via perpetual power maximization because the fundamental motivation in great-power behavior is survival itself. The anarchic international system leads the states to perform aggressive actions to guarantee survival (Ikenberry & Mearsheimer, 2001, pp. 31-32). To put it in a nutshell, states are aware of the most efficient means to survive is to be the most powerful, and correspondingly, they step up to the plate to halt potential rivals from advancing. On the other hand, defensive realists claim that it would be a huge mistake to follow hegemony; thus, they would not want to expand further. They prefer not to maximize their power in this sense; instead, they should aim for what Waltz called an "appropriate amount of power" (Waltz, 1979, p. 40). Or else, they would venture their own survival. Defensive realists emphasize that if a state becomes too powerful, balancing will happen (Ikenberry & Mearsheimer, 2001, pp. 81-82).

1.2. Ethical Realism

To be able to evaluate European integration concerning the Marshall Plan with its realist roots, one must establish an understanding of ethical realism as a school of thought. Correlatively, if one would like to understand what ethical realism is, it is essential to know the founding fathers of this theory: Hans Morgenthau, Reinhold Niebuhr, and George F. Kennan (Lieven & Hulsman, 2009).

Among them, Hans Morgenthau believed in the lack of an international order; hence, nations have an ethical obligation to handle their own interests (Pham, 2008, p. 259). He claimed that we live in a multipolar global community with a balance of power in a more stable way. In this system, according to him, great powers are not able to act independently or as one-sided, lest they estrange their allies. (Pham, 2008, p. 155). Niebuhr's thoughts were similar to that of Morgenthau about this issue. According to Niebuhr, "realism would be tempered with a touch of Wilsonian idealism – big power responsibility would be balanced by small power rights" (Ulrich, 2006). Both Niebuhr and Morgenthau put an emphasis on a sort of humbleness, which is similar to the remodeling of the US in the sight of other countries after World War II.

George F. Kennan believed differently regarding stability. For Kennan, there were three aspects of international life. Firstly, the balance of power would always be the cement that keeps any international structure together. Secondly, at the heart of international life, change and conflict are found. Lastly, no one can ensure that sort of change would progress by peaceful ways every time (Gellman, 1984, p. 34). The first aspect states that even if nations cooperate or behave independently, the mightiest ones will be in control at all times. The second point shows that it is inevitable for the US to lose its status as the strongest nation. Assuredly, this is binding for all the states competing with each other. The last point claims that change can happen through wars, just like World War II. In relation to that, centering upon power and stability leads to the notion that realism is unethical in its own right. That would be a false perception, though; Niebuhr was a theologian, for instance. This can also be clearly seen in his works.

Niebuhr thought that a statesman should have an ethical character, and this was pretty much elitist as an attitude in its core. Kennan believed that he was an elitist, too: “Sometimes I have been charged with being an elitist. Well, of course I am. What do people expect? God forbid that we should be without an elite. Is everything to be done by gray mediocrity?” (Kennan & Jespersen, 2002, p. 153-154). In Kennan’s view, foreign policy should have been in the hands of the diplomats, not the government itself, and the public should have a minor part in foreign policy. “Their main concern is domestic politics, and the interests they find themselves pursuing in the field of activity are not only often but usually in conflict with the requirements of a sensible national diplomacy” (Gellman, 1984, p. 93). To sum up his ideas, national interests can be pursued with the help of diplomats, not the governments.

In their book entitled *Ethical Realism: A Vision for America’s Role in the World*, Anatol Lieven and John Hulsman claim that statesmen should be ushered by an ethical compass and an open mind because fighting blind-foldedly for a nation’s interests is too tepid and uncaring to find many fellows worldwide. Ethical realism is about perceiving the worldwide reality as it exists. Besides, it is about taking the responsibility to switch it for the better by being led by moral convictions. In order to guide these moral convictions, ethical realism depends on five virtues: prudence, humility, study, responsibility, and patriotism.

Prudence appears as the first virtue of primary importance as Hans Morgenthau, the forerunner of ethical realism, said: “There can be no political morality without prudence... without consideration of the political consequences of seemingly moral action” (Lieven & Hulsman, 2009, p. 67). Prudence is the pathfinder of foreign policy, particularly when military operations are involved.

Humility is the second virtue of ethical realism. For example, even if the US is a powerful country, it has limited capabilities. It can be morally wrong from time to time. As a result, it is highly important that the US is aware of the mistakes in the past and learns from them knowing what the limits are. It should respect different views of the nations around, like the European ones.

Study, as the third virtue of ethical realism, means that it is essential to have a grasp of the history and the interests of the country to be involved with. There should be a clear view of the focused country. For instance, not everyone shares Western values in any country, and this is not needed for the powerful state to achieve its main objectives. Study, as a virtue, also suggests that no situation is alike, and there is no all-embracing formula for the problems in the case of foreign policy.

For the fourth virtue to be mentioned, having good intentions is not enough. This is called responsibility. According to this, every action comes with its consequences. To put it differently, there needs to be a concrete reason for the preferred action that moves far beyond good intentions.

The last virtue to be mentioned is patriotism. Patriotism means loving one's country for what it is at present and was in the past. This includes not being idealistic but instead having a realistic opinion about one's own country. With a sense of duty and honesty, a rational patriot can spot these features in the patriots of other countries. This results in the mentality that other patriots will not discount their faithfulness for the sake of the powerful country.

All the founding fathers of ethical realism had a deep-seated consciousness of responsibility, humility, and pragmatism, also embellished with the abovementioned virtues, as one can understand. With their farsightedness, they all believed that policymakers should take their actions into consideration, which dictates that policymakers need to consider their actions carefully and give considerable thought to the consequences of those actions. It is their focus on moral actions, centered upon long term interests rather than short ones, elaborated with the sense of responsibility and duty, distinguishes ethical realism from classical realism.

1.3. Neo-Functionalism

This theoretical phase of the thesis finds its roots in the second half of the 20th century with the theory of neo-functionalism. Neo-functionalism showed up as a fulfilled dream of the founding fathers of the European Union (EU), Jean Monnet, and Robert Schuman as a sequential, plural, and theorized version of transnational integration. This

incrementally realized integration process starts with the integration in economic areas and culminates in political integration by way of spill-over effect. It should be remembered that political integration is the dependent variable of neo-functionalism with regard to the previous sentence. To be able to analyze the success of the theory as a whole, related to the Marshall Plan in the European integration, it is essential to understand how neo-functionalism was born and what its main arguments are. Because the continuation with its catharsis of European integration related to the Marshall Plan can be traced with neo-functionalism, it is essential to examine the main arguments of the theory embellished with the vision of Haas. Therefore, this part of the thesis will put an emphasis on these headings.

As neo-functionalism is a highly essential element portraying the developmental structure of this thesis, it is crucial to understand this regional integration theory that was introduced in the US after the Second World War. The most basic source to gain an understanding of neo-functionalism is Ernst B. Haas's work, named *The Uniting of Europe*, written in 1958. In his study, Haas analyzed the ECSC deeply and introduced some changes and innovations on David Mitrany's functionalism. Some of the other notable names that worked on neo-functionalism are Leon N. Lindberg, Donald J. Puchala, Joseph Nye, Philippe Schmitter, and Lawrence Scheinman. Neo-functionalism, as a non-state-centric approach, lays stress on the function and impact of national and transnational interest groups and supranational bodies in explaining the furtherance of European integration. It was the first theory trying to explain European integration as a progression of community formation via international organization (Haas, 2004).

Ernst Haas, the founder of neo-functionalism, took as his point of origin a criticism of David Mitrany's functionalism from the 1940s. Haas blended functionalism with insight from Jean Monnet's pragmatic attitude towards European integration. In opposition to the functionalists, Haas focused on regional integration because they took the integration process as political, not only technocratic. Neo-functionalism possesses similar ideas with functionalism regarding the effect of technical cooperation. It has an emphasis on social actors and technical experts like functionalism. Still, it is more concerned with comprehending how and why integration occurs in practical terms. Haas

did not agree with Mitrany regarding the neutral actors performing functional tasks. In place of this, neo-functionalism brought the political agency into the integration process. Pluralist-based neo-functionalism of Haas emphasized that integration was a group-based process driven by interests, where interest groups and supranational bodies carried a vital role, whilst the role of national governments remained limited (Moravcsik, 1998).

The most important difference of neo-functionalism from functionalism is that, according to functionalism, while economic and social problems can be considered differently from political issues, there is no distinction between these three for neo-functionalism. More precisely, while Mitrany does not involve politics in the expansion process, but somewhat economic and technical matters, Haas included political issues in his field of research, recognizing the possibility of a transition to political integration from sectoral and economic integration. Apart from this, neo-functionalism is pragmatic as it is stated in the previous paragraph. Therefore, believing in common interests is not a must of integration. The parts that are subject to integration, the nation-states, choose this way by taking care of their interests. As Haas stated, the main creators of the integration are not good Europeans. It is moving towards the supranational level with certain interests, goals, and benefits (Mattli, 2001, p. 25). However, in functionalism, what is important is the existence of a functioning peace system. On the other hand, while the focal point in functionalism is international cooperation, it is regional cooperation in neo-functionalism.

According to neo-functionalism, regional integration is an irregular and contradicted process. Countries under a democratic regime in this process will feel under the pressure of a regional force. As a way to escape, they will give more authority to the regional organization they create. Haas reached the basic hypotheses of neo-functionalism by way of exploring how the nation-states could give up their sovereignty to resolve the disputes between their neighbors. According to him, integration is a process in which the political actors with different national rules are convinced to direct their loyalty, expectations, and political activities to newer and wider institutions. These supranational institutions demand more and more power from the national governments during integration (Haas, 2004, p. 16).

For neo-functionalism, the main actors of an integration process are the sub-national and supranational actors. Sub-national actors are the interest groups and political parties, whilst supranational ones are the multinational regional integrations. These actors encourage integration, help the development of interest groups, and by way of establishing close relations with the technocrats handle them both. The role of the nation-state in integration should be only creative harmony (Mattli, 2001, p. 24). Thus, states will choose to comply with sub-national supranational demands, or they will feel compelled to do so.

Neo-functionalism has mostly been criticized as a “sui-generis” theory of European integration. However, Haas believed that European integration was a case study to examine the actual integration process in an attempt to develop generalizations about the disposition of integration mechanisms by which political communities are shaped among sovereign states, by extension, ECSC was a case study portraying the interactions between the federal authority and the subject groups (Haas, 2004). Political integration was described as

the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new center, whose institutions possess or demand jurisdiction over the pre-existing national states. The end-result of a process of political integration is a new political community, superimposed over the pre-existing ones. (Haas, 2004, p. 16)

His approach was basically to choose particular political groups and institutions at the national and supranational level. These groups and institutions were trade unions, political parties, and employers’ associations, national governments, and high authority. Additionally, neo-functionalism is more than the combination of elite projects. According to Rosamond, there is a close link between neo-functionalism and the strategies of the founders of the EU, which can be understood from the similarity between the “Monnet Method” and Ernst Haas’s predictions (Rosamond, 2000, p. 50).

Because the integration concept in Europe starts in the field of economy, Haas set out from the definition of economic integration. According to him, economic integration is a process aiming at the elimination of barriers against the free trade, such as tariffs and

quotas among member countries, abolishment unilateral trade restrictions with the flow of capital and labor becoming more liberal (Haas, 2004, p. 12). However, Haas believed that the movement in Europe after the Second World War was not only based on economic grounds but also the political aspirations and consequences of the movement. An economic integration that is not carried out with common institutions and policies will not end with political integration since it will not lead to a driving force. For this reason, political integration is not an absolute consequence of free trade. The process should be supported by the creation of common policies in this area by a centralized decision-making mechanism. According to Haas, the success of a political integration that can come after economic integration lies in the fact that the economic standards of common policies are in harmony with the demands and expectations of political actors affected by the process (Haas, 2004, p. 13). Therefore, this creates a sense of commitment.

Neo-functionalism obtains its method of achieving ultimate integration from functionalism. In contrast to federalism, neo-functionalism has foreseen a step-by-step method of integration that extends overtime to political spheres to start in the economy sector, just like functionalism. Despite the similarities at this point, Haas's critique of Mitrany on the ground that Mitrany distinguishes politics from economics is the most critical point that neo-functionalism has separated itself from its predecessor. In this context, power and politicians are included in the scope of "politics" whilst prosperity and technology are in the range of "economy". According to Haas (1964), certain functional conditions cannot be isolated from general political concerns because power and prosperity cannot be separated from one another easily. Thus, the distinction between political and technical is not logical either. It is normal to make technical assessments before some political decisions are taken. Haas came up with a theory of political integration at an international level due to this difference.

Even though Haas argues that the economic conditions cannot be considered separately from the political circumstances, it depends on the existence of certain conditions. Haas states that the economic, technical, and political conditions in the EU are intertwined in a harmonious environment uniquely. To Haas, the conditions that bring countries into integration are far more challenging than Mitrany thought. Hence, instead

of the universal international integration of Mitrany, Haas supported a regional one (Haas, 2004, p. 13).

In order to understand neo-functionalism in one picture and with the main hypotheses it offered with Haas, one should also be able to depict its picture with some logical connections and terms regarding its mechanism. According to neo-functionalists, there were three instruments boosting the integration process: positive spill-over, the transfer of domestic allegiances and technocratic automaticity (Henrich-Franke, 2014, p. 97). Spill-over effect claims that when countries agree to cooperate in a sector, this cooperation leads to incentives to cooperate in other similar areas. Namely, the benefits gained from integration in sector X can be realized via the cooperation in sectors Y and Z. This is going to be explained with more details. In the second place, “technocratic automaticity” identified how the supranational institutions built to monitor the integration process in sponsoring more integration as they become stronger and more stand-alone. Thirdly, neo-functionalists state that as the process of integration gains momentum, interest groups and associations will convey their allegiances from national institutions to the supranational European institutions. Relatedly, they will become aware that these recently formed institutions are a better passage through which to follow their material interests in theory. In the transfer of loyalties, the role of political elites is quite essential as Haas (2004) stated:

As the process of integration proceeds, it is assumed that values will undergo change, that interests will be redefined in terms of regional rather than purely national orientation and that the erstwhile set of separate national group values will gradually be superseded by a new and geographically larger set of beliefs. (p. 13)

The developments that came with the Marshall Plan in Europe after the Second World War brought new ways of progression via transatlantic relations and European integration, starting with an economical renovation, which carries the continent into political cooperation. With Haas’ perspective into integration, the mechanism of the progress can be understood best. Therefore, a pragmatic content of neo-functionalism will be explained in detail.

Since spill-over as a concept is an essential neo-functionalist ingredient in the explanation of the integration process gaining momentum towards the establishment of the ECSC and EEC, gaining its fuel with the Marshall Plan, it needs to be thoroughly explained. Spill-over was not promoting a European solution for idealistic motives, but instead it was a craving by the actors to permit and guarantee harmonious policy development across the continent. It can be regarded as an automatic response (Lindberg, 1963, p. 10). However, Haas states that some sectors have more spill-over potential than others. If the focus is on low politics, because it has a direct impact on people's lives, it will be more successful. For instance, the success of the ECSC against the European Defense Community (EDC), which failed quickly (Haas, 2004).

To Haas, the driving force of integration is a profit-loss expectation. The ECSC is not an idealist but a pragmatic form for him (Haas, 2004, p. 13). The integration will continue to spread more as long as the actors expect gainings. This connection leads us to the conception expressed in functionalism as "ramification" and now "spill-over". As a self-reinforcing dynamic climaxing in further and deeper integration, spill-over is the most extensively known concept of neo-functionalism. It was formulated to explain the transformative alterations that were happening in Western Europe. Spill-over means that the integration created under the authority of the supranational institution in a sector will also be carried to other sectors by the actors benefited from this integration. Haas claimed that the spill-over process was not only extensive but also irrevocable as member state governments found themselves under pressure to give more power and responsibility to the regional institutions. With spill-over, the political economy of states or regions is so intertwined that the problems seen in an area necessitate other solutions by causing problems in other areas. These solutions do not necessitate having full unanimity for the states, even if there are small differences in their opinions (Michelmann & Soldatos, 1994).

There are four types of spill-over to be examined under this heading: functional, political, cultivated, and geographical. According to functional spill-over, integration starting in an area will trigger integration in other areas. In other words, cooperation between countries in the sectors of the economy can lead to successive co-operation. It is

also envisaged by Jean Monnet, and economies of the states are interconnected according to this type. For example, different sectors of the industrial economy are intensely interconnected. Hence, the integration process seen in one of these sectors becomes impossible without the common policy of others (Mattli, 2001, p. 26) The process of economic and monetary integration, which started with the ECSC can be an example of functional spill-over (Rosamond, 2000, p. 60).

Another type of spill-over is political. A political spill-over occurs when the government officials “undergo a learning process which culminates in the collective perception that the interests of their respective countries are better served by seeking transnational rather than national policy solutions” (Abbott, 2007, p. 4). Unlike functional spill-over, this is a new concept that Haas brings in the literature. Accordingly, as the functional spill-over takes place, interest groups will no longer seek to influence national governments, but instead, they will head for new institutions based on integration. Thus, national bureaucracies will take place in decision-making mechanisms step by step. Political spill-over can be regarded as a response to the sectoral expansion of national interest groups and political parties at the supranational level. This is highly vital for the transition from economic to political integration. Regardless of its structure, political integration requires the process of identity transfer. It is anticipated that a pluralistic political society will be formed as a result of this process (Rosamond, 2000, p. 66).

Thirdly, there is cultivated spill-over which emerges out of the new pressures of the institutions. According to cultivated spill-over, supranational institutions take integrating initiatives (Abbott, 2007, p. 4). Whilst countries come together in limited areas in negotiations between themselves, they will support relatively more common policies in the context of an independent and transnational structure like the High Authority of the ECSC. It means when European actors take a step as mediators in conflicts, their role is being policy entrepreneurs, and they expand their mandate while creating solutions (Rosamond, 2000, p. 58). Therefore, the high authority boosts integration while institutionalizing it.

Lastly, there is geographical spill-over emphasizing how states alter their domestic systems to harmonize and integrate. Therefore, a spill-over effect is not only

confined to sectors or political areas but also a geographical one (Moga, 2009, p. 799). In this process, the other states, which observe the success of the integration and the achievements of the actors, will demand to take part.

All in all, with its all forms included, the notion of spill-over rests on two logics. The first one is an expansive logic like the one in the coal and steel, how integration in one sector can produce incentives and pressures to integrate into other neighboring sectors; the second logic is the deepening of integration in the same sector (Rosamond, 2000, p. 60). A monetary union can be a basic example of deepening integration in this case. With its expansive and deepening qualities, spill-over is the key component of neo-functionalism, making it a powerful tool for analysis of the European integration process.

CHAPTER II

START OF THE COLD WAR AND THE TRUMAN DOCTRINE

Focusing on the political and economic situation in the European continent historically in the first place, this chapter of the thesis emphasizes how European ideas of integration moved forward considerably with the support provided by the US policy of containment in relation to the Truman Doctrine. It also underlines the connection between the Truman Doctrine and the Marshall Plan in the aftermath of World War II, based on the theoretical groundwork of neo-realism in the context of European integration.

2.1. Political and Economic Situation after World War II

In this section of the thesis, the political and economic groundwork of Europe supplied for the primary basis is emphasized on the developments just after World War II. Since this study centers upon the influence of the Marshall Plan concerning the European integration process, it is necessary to analyze the political and economic edifice that it was finely built on.

Combining the factors revolving around the potential expansion of Soviet ideologies and Europe's military weaknesses, the world was moving towards a prospectively bipolar power structure. The European integration could be initiated with the involvement of the actors in Western Europe under the mentorship of a powerful figure of that time, namely the US. It was certain that the US would need an effective tool, and it would create the Marshall Plan to cure the European continent with a highly swift recovery while remodeling the European market and enhancing security at the same time.

2.1.1. Political Reconstruction in Europe after World War II

After World War II, the US launched its non-isolationist policy against the communist threat in order to be a pioneering actor in the European continent while securing its position. In this vein, we need to understand how a substantial reconstruction was necessary to fix the ongoing problems on political terms.

The Second World War in Europe formally ended on May 8, 1945, when Germany surrendered to the Western Allies in Berlin when General Stumpff, Admiral Friedeburg, and Marshall Keitel signed the German Instrument of Surrender at Russian Headquarters (Pruitt, 2015). Therefore, all Europe, including Germany, attained peace with the help of the two main powers: the Soviet Union and the US. The US was the most powerful military force coming out of the war by all means. Along with many other influential politicians of the country, President Roosevelt and the Democratic leadership of Truman ruled that the US should bear global responsibilities from then on, deciding on the abandonment of “isolationist” policies. The emerging ideological threat of the Soviet Union under Joseph Stalin, which would soon bring about the Cold War inducing the end of American isolationism when the US joined delegates in signing for the foundation of the United Nations in 1945 (Longley, 2019). It was just a year before the World Bank and IMF were established for better economic cooperation between countries.

In the world model that the US proposed and predicted for the post-war period, the UK should continue to hold the Mediterranean and the Middle East. Moreover, France should dominate in Western Europe, the Soviet Union would be influential in Eastern Europe, and these four forces were going to collaborate to control Germany in Europe. However, there were some facts that the US could not directly analyze to predict such a world model. There was a great deal of irreplaceable power gap on the two sides of the Soviet Union geographically as a result of the military defeat of Germany and Japan. The two winners in Europe, namely the UK and France, were in a highly weakened situation. The empires of both were under the pressure of the national liberation movements towards colonialism, in which the communists actively contributed. Since the UK could be able to use its limited resources only for its economy, there were very few resources that could be used for its role in the Mediterranean. The US realized that there was no such thing as a take on the leadership of France in Europe. France was struggling against a communist party that was aggressive inside and had to deal with its political instability. This made it nearly impossible for France to share its resources (Urwin, 1989, p. 59). It is important to note that France was not the only country in the continent, challenging against the threat of communism under that bleak atmosphere.

Moreover, the guerrilla war in Greece, the Soviet thoughts imposed on Finland, the communist initiatives in Italy and France, the debate over Germany, and the communist coup in Czechoslovakia happened one after another. All these events signaled the expansion of Soviet ideologies, whilst emphasizing Europe's military weaknesses. That is to say, World War II provided European communism with a potential second chance to rebuild itself as an important political force (Sassoon, 1992, p. 139). All of these circumstances led to the withdrawal of the US into European affairs. Under these conditions, if the US did not want to be trapped on the other side of the ocean, it should have taken sides with Europe. In other words, Europe falling under the domination of the Soviet Union meant that one of the world's largest economic centers would get out of American control (Urwin, 1989, pp. 59-60). Following these developments, the US gave political, financial, and military support to Europe especially until the end of the Cold War, leaving its isolationist policies aside to prevent European countries from being influenced by communism while engaging in a common struggle against communism with these countries.

Figure 1. Europe in the Early Cold War Era



Source: (Holm, 2017, p. 58)

The division in Europe was very evident between 1947 and 1948 with the descending Iron Curtain. With the ideological barrier dividing Europe, the US started to support the non-Communist world. The potential sphere of influence related to the possible fall of the countries to communism was not limited to the abovementioned European countries. Figures related to human casualties also show that the fate of the war in Europe was determined in the Balkans and the Eastern Front. The Soviet Union got free of warfare forces or from the Axis dependent regimes of Hungary, Poland, and partially Austria, Romania, Czechoslovakia, Bulgaria, and Romania at the expense of the most costly human destruction and economic loss of that time. The eastern part of Germany was occupied by the Soviets, a communist regime was established in Yugoslavia that was in good ties with the Soviet Union until 1948, and Greece dragged into a civil war (Ulam, 1951, pp. 39-63). These all caused a sort of Soviet supremacy in Central Europe and the Balkans.

If the US did not want to be imprisoned in its own continent, it had to reinforce its existence in Europe. Last years of the war resulted in the disappearance of friendships in times of war. The events that developed over time showed that the Soviet Union was watching for the weaknesses in various regions for the ideological and military expansion towards the West (Urwin, 1989, p. 59).

As mentioned earlier, during this period, the US gave up its traditional isolationism on the growing Communist threat starting to have a say in European affairs. The Truman Doctrine, announced in 1947, can be regarded as the first step in the political sense of this policy change. Mainly consisting of Greece and Turkey, this doctrine is vital in terms of being the first active intervention in the political events in the European continent.

2.1.2. Economic Recovery in Europe after World War II

In this section, the economic recovery process right after World War II will be explained. It is essential to dig deeper into the economic reconstruction at that time in Europe to better understand the potential effect of the Marshall Plan on the war-stricken continent.

In the aftermath of World War II, Europeans encountered various economic problems, including inflation and shortages. This was a time with a growing need for rebuilding factories and infrastructure while transitioning from wartime to peacetime production in the most urgent way. Even though the Europeans had difficult times in terms of economy for a short period just after the war, thirty years following the end of World War II were characterized by Europe's different cultures since these were the times of the most rapid economic progress in the history of the continent. The French economist Jean Fourastié called them *les trente glorieuses* (thirty glorious years from 1945 to 1975), the Germans coined the term *Wirtschaftswunder* (economic miracle) and the Italians named these years as *miracolo economico* (economic miracle) (Crafts & Toniolo, 2017). The years between the late 1940s until the early years of the 1970s were seen as a Golden Age when the basis of future wealth was built on solid ground with post-war reconstruction, trade, and the process of European integration. It was a strong and steady economic development that could not be compared to any period. This exceptional growth was based on many reasons. The demographic increase brought by the “baby-boom”, which increased the population of industrialized nations was the first of these factors. Technical progress promoted by the armament race was another important factor, and the defense industry was one of the mechanisms that gave life to the economy.

Most importantly, the expansion of trade in the international arena brought this period to a different level. The liberalization of trade and the development of international investments by multinational corporations reinforced this progress. Between 1950 and 1975, world production grew by 5%, while international trade grew by 7%. At the end of World War II, the IMF and General Agreement on Tariffs and Trade (GATT) were formed to hinder the reoccurring problems after the war. A new world currency system was brought to life with Bretton Woods in 1944. All currencies could easily be exchanged between themselves and in American dollars at fixed exchange rates. IMF was established to make this system work efficiently. The US dollar rose to international monetary status ending the dominance of sterling by way of IMF. The fact that the right to vote was proportional to the quota of the member states put the US power in the IMF and made it possible to establish economic hegemony over a considerable part of the world.

In 1947, GATT was signed to erase the bitter memories of the 1930s and provide free trade with a more flexible ground for negotiations. It proposed a sort of disarmament in customs by preventing customs tariffs between countries, providing equal treatment between the parties, and preventing unethical practices such as dumping products in foreign markets at lower prices.

The US reached the peak of its power immediately after the war with few losses in the war. Unaffected by the bombardments, the American industry doubled its potential and reached half of the world's industrial potential. The US, with gold and money reserves that seemed to be in sight, had two-thirds of the world's commercial vessels. In some key sectors such as aluminum, ships, automobiles, synthetic rubber, and airplanes, the US produced more than any other country in the world. He established full economic superiority by controlling three-fourths of international financial transactions. He was also keeping the food items necessary for human life. The period of stagnation after World War II came to an end with the Marshall Plan, with the US turning into a prosperous country in the 1950s.

2.2. Truman Doctrine

On March 12, 1947, US President Harry Truman gave a speech that summarized his opinion to American people for containing communism in the world with a gloomy address before a special joint session of Congress (Smith, Clifford, & Holbrooke, 1991, p. 137). On the basis, it was the foreign policy of the US to support any country threatened by communism providing economic, political, or military assistance. Truman's primary request was for \$400 million to help both Greece and Turkey, which Congress approved (Arnold & Wiener, 2016, p. 284). Since the UK stopped assisting these two countries, President Truman wanted to prevent any communist regime from developing and sprawling into other countries. Truman was aware of the fact that he needed to stop with swiftness as the communist party in Greece. At the same time, he also asked Congress to support Turkey with financial help.

Greece was economically devastated at that moment, mostly due to the Nazi invasions and the effects of the civil war during World War II. In connection to that, it

was highly fragile in political terms. In three weeks, US policy was announced in the quickest way possible. On May 22, 1947, the Greek-Turkish aid program was signed into law (“Harry S. Truman Presidential,” n.d.). Even though with more than \$13 billion, the Marshall Plan would soon go beyond the Truman Doctrine’s \$400 million expenditure. Truman Doctrine funds went to two countries, \$300 million to Greece and \$100 million to Turkey as an investment against totalitarian regimes (Truman, 1947, p. 180). There was at best as much aggression as defense with Truman Doctrine. Regarding the assistance to Greece, half of the funding went in food and financial aid. However, half of the money was spent on military aid which included napalm bombs and dive bombers. In Turkey, \$80 million went into military intervention. Therefore, Turkey was able to repel Soviet pressure over the Dardanelles, and Greece essentially stopped the communist rebellion by October 1949. It can be inferred that what was spent on the framework of the doctrine was mostly about saving these two countries from Soviet expansion. For Truman, Soviet Russia was illegitimate due to its totalitarianism and repression towards its own people, and its potential goals in terms of spreading its own ideology towards strategic regions. In his address, Truman (1947) stated:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. I believe that we must assist free peoples to work out their own destinies in their own ways. (pp. 178-179)

Here, Truman justified his actions from two different angles. He believed that a communist triumph in Greece would possibly jeopardize the political stability of Turkey, in connection to that, which would destabilize the Middle East. Due to the geopolitical benefits and strategic significance of the area, this could not be tolerated by the US primarily in terms of national security. He also claimed that the US was obliged to support “free peoples” in their challenges against “totalitarian regimes” since the spread of authoritarianism would both threaten international security and the security of the US.

The doctrine was based on numerous factors, such as the threat coming from Soviet communist totalitarianism, the geopolitical turmoil from World War II, the weakening of the UK as a prodigious power, and the US upsurge as a new superpower. One can be sure that the doctrine planted the seeds of the US “grand strategy” during the

Cold War years. With all risks taken in Truman's mind, he pointed out that he was faced with a decision more serious than had ever confronted any president, to his cabinet members just a week before the speech (Millis & Duffield, 1966, pp. 250-251).

The ultimate reason why Truman became the architect of this doctrine lies upon his beliefs that the role of Greece and Turkey as the gateway between East and West, connecting Europe through the Middle East to Asia. It was clear that America's strategic interests were mainly threatened by Soviet power. Therefore, the balance of power was critically necessary for the hemisphere to handle its interests.

The doctrine helped Harry Truman become an archetypal figure for the post-war generation that arose from World War II with non-idealistic hopes. That is mainly because Truman proved that he could face realities and moved beyond the former idealist thinking of Roosevelt (Underhill, 2017, pp. 453-488). Similar to many Americans of his own generation, Truman took a sharp turn growing away from over-abundant idealism and utopian thoughts of the new world. How Truman tried to succeed was all about the international balance of power after World War II with the potential securitization of democracy ahead. Envisioning of post-war policies must have been based on a well-established and cautious evaluation of international facts in order to be efficient and long-lasting.

The great transformation from Roosevelt's idealist approach to Truman's neo-realist attitude was not a swift one. The period from the autumn of 1945 until the end of 1946 is the period of transition with the concerns more profound than before regarding the international behavior and greediness of the Soviet Union, especially related to Turkey and Iran. For some time, there was no grand strategy applied, but in the end, Truman, firstly guided by James F. Byrnes and then by Marshall, left the former intuitionist approach of Roosevelt against Soviet intentions and demands and took the immediate action with the doctrine. In 1945, the Potsdam Conference signified the debut appearance of Truman, bringing about the main signals of policy changes (Charman, 2018). Byrnes simply clarified that the US would not abandon Europe. With the Truman Doctrine and then the Marshall Plan, the US eliminated the Rooseveltian way of thinking regarding the possibility of Europe's importance, which could be decreased. Losing hopes

concerning the cooperation with the Soviet Union triggered the process. By way of benchmark policy change coming with the Truman administration, a decent understanding of the vital significance of the European continent, including a strong belief in the global balance of power, was interiorized.

Apart from that, Truman's critics pointed out their disagreement about some aspects of the doctrine, most importantly, including his own administration, diplomat George F. Kennan. Kennan was credited with coining the term containment as the architect of it. Interestingly, he objected to the content and the tone of the Truman Doctrine. While he was lecturing at the National War College, he gave the implications that the US could act minimally and stated some sort of belief that the West could make use of communist problems (Kennan, Harlow, & Maerz, 1991). Another view of him depended on decreasing the strategic importance that he had given to Turkey in his 1946 Long Telegram. He said that American aid should go only to Greece, which he believed that, by way of its closeness, it would encourage Turkey's stability then (Spalding, 2007, p.67). Together with Lippmann and other realist figures, Kennan pointed the finger at Truman globalizing the Cold War, and he faulted Truman for putting forth a new, misguided grand strategy (Kennan, 1967, pp. 314-318). In this case, the national interest needs to be correctly understood, which is based on enlightened self-interest shaped by virtue. This practicality is without an abstract language in terms of being the exact opposite of idealist tendencies. What the doctrine tried to achieve was not to let Greece and Turkey fall behind the Iron Curtain, but to attain substantial political and strategic gains.

2.2.1. Containment, the Truman Doctrine, and Neo-Realism

In this thesis, it is necessary to demonstrate the tight connection from the way starting with the Truman Doctrine towards the Marshall Plan. This connection will be understood further, specifically in relation to the containment policy of that era. Overall, they comprise of the key neo-realist structural elements on a concrete theoretical basis.

The Truman Doctrine overtly institutionalized the containment strategy. Taking responsibilities with his ethical realist vision, Truman (1961) said that one of the main

virtues of a democracy “is that its defects are always visible and under democratic processes can be pointed out and corrected” (pp. 177-178). The strategy of containment was the main policy to stop the spread of communism into Western Europe. Here, containment appeared as a security solution with a reduced military and a financial resource to control potential threats considering the war as a last resort. The Truman Doctrine, namely the strategy of containment, which provided the key basis for US foreign policy in the settings of the Cold War, could protect and promote democratic governments by defending the surroundings essential for freedom providing the best projections in the long term for a durable global peace.

It can be noted that except for a radically anarchic system, a single great power or multiple great powers will hunt for to dominate politically in the international system based on interdependence. This sort of interdependence is a combination of an international system of governments, trade agreements, and security regulations, rationalized by a hegemonic power. Dominant powers can boost their own security and that of the states in a hierarchical order by way of producing multiplex security relations. In relation to this situation, the US commenced the Truman Doctrine and connectively the Marshall Plan in an attempt to strengthen European countries after World War II. Having powerful allies would support the US in its containment policy against communism threat within Europe. Therefore, European states did not automatically need to become power maximizers with the aim of being security pursuers in this system.

Aside from that, survival and power stem from the adaptation skills. With respect to this, the incapability of adaptation and transformation initiates the end of the inoperative. As a state-centric observation of strategical dynamics, neo-realism submits an influential examination of the behavior of great powers during their survival challenges. Regarding this issue, just after the World War II, when the international system was characterized by the bipolar edifice resulting from the Cold War, the policy of containment acted as a state-directed pre-emption to the conflicts regarding ideologies. Therefore, it demonstrates itself as an influential tool within foreign policy.

As part of the bipolar relations, the US was involved in a system where interests were either on the side of or against the American government. By means of containment,

in the state-centric model of American foreign policy was finalized to a type of structure where the US appeared as the only superpower of the game. Instead of arranging shifts in international relations, as neo-realist theory envisages, the US successfully preserved its determination in a well-established model. The US had profound uncertainties about the Soviet Union, a situation that was examined in depth by then US Ambassador to the Soviet Union, George F. Kennan. With “The Sources of Soviet Conduct”, Kennan under the pseudonym X (1947) claimed that the actions of the Soviet Union were expansionist in all aspects, and the U.S. had to apply the strategy of containment (pp. 566-582). When he was the American charge d'affaires in Moscow, Kennan (1946) previously sent “The Long Telegram” to the Department of State, focusing on how the US had to formulate its foreign policy towards Soviet activities in Europe. The common issue in these two documents was that the Soviet regime was characteristically expansionist and its influence had to be contained in the strategically vital areas. In reply to Long Telegram, Soviet Ambassador to the US, Nikolai Novikov, sent a telegram to Moscow, claiming that the primary goal of the US was to establish world dominance (Duiker and Spielvogel, 2010, p. 774). This situation directly became the reason for a potential fear factor, which resulted in a typical security dilemma between those two superpowers with the escalation of the security levels at the stake of the other.

This above-mentioned aspect of fear is also related to the US foreign policy concerning Greece and Turkey, which can be explained as the survival of the state. According to the US, Europe owned highly strategic areas in geopolitical terms. Therefore, potential control of these places by the Soviet Union would possibly provide them with greater territory and resources that could put the survival of the US at stake (Dobson, 2002, p. 80). With respect to that, Truman (1947) highlighted the prominence of state survival in his speech to Congress:

It is necessary only to glance at a map to realize that the survival and integrity of the Greek nation are of grave importance in a much wider situation. If Greece should fall under the control of an armed minority, the effect upon its neighbor, Turkey, would be immediate and serious. Confusion and disorder might well spread throughout the entire Middle East. (p. 3)

Here, President Truman is necessarily aware of the anarchic situation of the international system, and his address to the Congress mainly shows the strategical actions

of the US with the primary aim of survival (Mearsheimer, 2001, p. 31). Therefore, these examples hint at the rationality of the US as a leading actor.

Meanwhile, the US was aware of the risky potential of the Soviet Union as a threat and its ambitions in terms of increasing its power. Therefore, it was highly crucial for the US to comprehend the intentions and behaviors of the other states within the system. At the same time, it was significant to understand how these states possibly jeopardized the strategic interests of the US. The US was au fait with the anarchic nature of the international system. Herewith, it counted upon relative power maximization in relation to containment policy and the potential of self-help to guarantee its survival in this framework.

The Soviet Union became the only superpower with the capabilities and the enthusiasm to challenge the status quo after the war; therefore, the US had to prevent this from happening as a regional hegemon (Prifti, 2017, p. 67). In this case, the US could make use of a buck-passing strategy to prevent the Soviet Union from gaining power and disturbing the balance of power in the area. As a result of buck-passing, when an aggressor appears on the scene, at least one other state will ultimately take direct responsibility to check it (Mearsheimer, 2001, p. 269). In this context, the buck-passing strategy was a way of utilizing regional great powers to avert the aggressor state from disrupting the balance of power. Nevertheless, the main issue with this strategy during that time was the absence of a regional great power with the ability to confront the Soviet Union. The lack of a regional great power to balance the Soviet Union made another strategy compulsory for the US, namely the balancing strategy. With this strategy, the US could introduce different possible actions, including sending a direct message to the Soviet Union, asserting that the US would never permit alteration in the status quo. In fact, this had no effect on the Soviet aggressor even though the US made use of this measure at that time. Nonetheless, while Russia was focusing on its expansionist objectives, the US needed to confront it by the containment strategy of the Cold War.

As for the tight connection between Truman Doctrine and Marshall Plan, it may be necessary to state that these two were the “two halves of the same walnut” with Truman’s own description (Waites, 1993, p. 130). The combination of these two

represented the main foundation of the strong relationship between the US and Europe. The meaning of this connection between the doctrine and the plan will be understood further in the next chapter, specifically in terms of the beginning and the developmental phase of the plan.

2.2.2. Consequences of the Doctrine

Truman Doctrine delineated many of the principles by which the US had to challenge the Cold War. Indubitably, Truman (1947) invalidated the Monroe Doctrine of 1823, the most prominent influence in American foreign policy until that time:

Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far-reaching to the West as well as to the East. We must take immediate and resolute action. I therefore ask the Congress to provide authority for assistance to Greece and Turkey in the amount of \$400,000,000 for the period ending June 30, 1948. In requesting these funds, I have taken into consideration the maximum amount of relief assistance which would be furnished to Greece out of the \$350,000,000 which I recently requested that the Congress authorize for the prevention of starvation and suffering in countries devastated by the war.

On this wise, the Truman Doctrine conducted to the Marshall Plan happening after a year. When the Truman Doctrine provided a theoretical understanding for the West at large, the Marshall Plan presented, to some extent, how to put this theory into practice. The doctrine as a keystone of post-war US foreign policy established sequential building blocks of the containment strategy moving towards the Marshall Plan. Considering the integration process of Turkey with Europe, the Truman Doctrine pulled Turkey towards the US, while the Marshall Plan pushed Turkey to Europe. A similar correlation happened with Greece, and both countries became a part of the North Atlantic Treaty Organization (NATO) in the same year, that is to say, in 1952. By means of the Truman Doctrine, Turkey was able to be a part of the defense framework of the West.

Another outcome of the Truman Doctrine was that by way of sending military assistance to the approachable nations, it established a model for the norms of collective security. Starting from boosting a chain of allies and approachable states to which the US provided military assistance at no cost, eventually leading to the formation of NATO.

Additionally, how Truman presented the worldwide menace of communism triggered an anti-Communist frenzy, which was to stop in the mass hysteria of Red Scare in the 1950s. Meanwhile, in the Soviets, the rhetoric of Truman's speech made the Soviets sure that the US was posing a threat to Soviet communism without any doubt igniting the flame of the Cold War and, at the same time, necessitating a deeper integration of Greece and Turkey into Western Europe.

Apart from that, as Truman was advised by Dean Acheson a day before the speech, it was necessary to challenge the Soviets due to the probability of a domino case. In other words, if the US let a country fall to communism, then all the countries would pursue the way after each other, which is similar to a line of dominoes, known as "domino theory" in the following years (Leeson & Dean, 2009, pp. 533–551). Acheson was sure that the prominence of the economic aspects of the doctrine be diminished with the focus on national security and defense to receive enough support. Therefore, the doctrine was shaped in a way that it would surmount opposition from the public or Republicans to a reintroduced US military and economic intervention overseas (Pollard, 1989, p. 214).

John Lewis Gaddis once wrote about the "psychological domino effect" which leads to smaller nations to arrange themselves with great powers (Lind, 2002, p. 49). When it comes to the domino theory, it is not wrong to claim that it is a highly integrated part of American foreign policy with the major rationale of deterring the Soviet Union at that time. Michael Lind (2002) identifies three versions of the domino theory in "Vietnam: The Necessary War": a regional domino effect, a global revolutionary wave effect or a global bandwagon effect (p. 36). In relation to that, if the Soviet expansion to Greece and Turkey had happened, a bandwagon (rather than domino) effect might have occurred, leading to several countries to get on the triumphant communist bandwagon and therefore creating a geopolitical calamity for the US.

Considering the two widely held foreign policy orientations of small states, namely, bandwagoning and balancing, it is easily understood how small countries can meritoriously take part in addressing great power politics. While balancing refers to the tendency of states to collaborate to halt any single state from dominating the international system, bandwagoning is a metaphor showing the tendency of states to pacify a possibly

dominant great military power. Domino and bandwagon theories are often advocated not by barely self-interested bureaucracies but by people at the top of the state, specifically presidents or the heads of the state department (Snyder & Jervis, 1991, p. 13). For instance, Truman assisted Greece and Turkey in respect of the bandwagon psychology that their fall would trigger in Western Europe. Some would say that selling consciously rationalized and controlled realism combined with internationalist policies result in maintaining the security and competitive position in the potentially approaching bipolar world. Therefore, the domino theory behind the Truman Doctrine helps the US sell its product with minimized risks.

In contrast to the claim that small states should be a subject of great systemic consideration in international relations studies attributable to their hasty proliferation in the international system, great powers are examined more deeply compared to the smaller ones. It is highly necessary to emphasize the topic more broadly that the matter with international politics as a system necessitating a focus on the states that make the most difference considering “the fates of all the states and of all the firms in a system are affected much more by the acts and interactions of the major ones than of the minor ones”, or “a general theory of international politics is necessarily based on the great powers” (Waltz, 1979, p. 73). Even though small states do not make the most difference, they cope with the nations at the international level in a particular mode from that of great powers.

CHAPTER III

MARSHALL PLAN ON A NEO-REALIST GROUND

This chapter examines the neo-realist background of the Marshall Plan, presenting the ingredients and analyzing it in relation to European integration utilizing neo-realist concepts.

3.1. Neo-Realist Motives behind the Plan

In order to fully understand the Marshall Plan on a neo-realist basis in terms of European integration, it is significant to know the motives shaped by neo-realism in this framework. The roles of the US and Soviet Russia as the two opposite powers are vital in this structure. The US and Soviet Russia would squabble for being the dominant figure in the anarchic system as two regional hegemons during the post-World War II era when the US was able to contain the ideology of the Soviets. In this context, the Marshall Plan signifies several preventive measures and investments in the long run. The US was able to gain leverage while trying to dominate the anarchic system and establish a satisfactory balance of power. Therefore, the Marshall Plan became a tool for the US to enhance its security while it was promoting its national interests through economic means and boosting state power.

Fundamentally fed by the intentions that can be explained by defensive neo-realism and strengthened by national interests, the Marshall Plan can be analyzed as a combination of security maximization and boosting ideological dominance, just like the Cold War itself. What the US did in the process was maximizing its security without the use of weapons via economic measures, namely soft power and later bolstering the outcomes with international organizations. From this perspective, defensive neo-realism and maintaining national interests may help us to understand the roots and goals of the Marshall Plan. This strategy as a whole helped the US to boost the European integration while integrating itself to the post-World War II scene.

Many Europeans hinged on foreign aid after much of the European continent was in ruins. Still, regardless of how the US motives behind the plan seems humanitarian, the

Marshall Plan's incentive was to contain communism. An example of this situation is George F. Kennan's (1987) X Article, which was formally titled "The Sources of Soviet Conduct". It was stating that the Soviet Union was not eager to exist with the tenets of capitalism and would exist as the discontent antagonist to the hegemony of the US; for the Soviets, it would be precarious until the American ideology had been obliterated (Engel, Lawrence, & Preston, 2014, p. 160). Therefore, this situation led to the insecure feeling of the Soviets until the ultimate destruction of American influence as a possible threat. While Stalin depended on the expansion of Marxist-Leninist propaganda, the US responded with the balance of power under an ideological arms race strengthened with the Marshall Plan even though the latter added to the security dilemma. Both countries focused on obtaining power capability and the expansion of their ideologies at the same time. Moreover, the US was knowledgeable that in order not to surrender Western Europe, they needed to take over the leadership flag from the UK to challenge the communist ideology.

As it can be deduced from the steps taken by the Truman Doctrine summarized in the previous chapter, soft power was the necessary element to contain the Soviet Union. However, Kennan believed that Russian leaders had massive insecurity, including their lack of trust in a communist dictatorship (Engel et al., 2014, pp. 160-161). This situation could lead to an inferiority complex for Soviet Russia, specifically against an economically developed West. In this context, it was feasible for the US to empower itself and the parts of the European continent as far as it could reach by way of promoting its national interests while showing that its own ideology is supreme in order to challenge communism. At first, the US promoted its superiority by supplying care packages for Berlin and proposing the Soviet involvement in the Marshall Plan with potentially unacceptable conditions. It would mean that the US would go beyond its altruism with a potential creation of a more desirable post-World War II order firstly European then in a global context. Restoring Western Europe with capitalism and the free-market economy would produce a balance of power supporting the West against potential communist pressure. In this fashion, during the Cold War, the Marshall Plan was employed as the economic and political groundwork for the Western alliance.

Considering Truman's concerns about the unfitting impact of private banks and corporations to restore European continent, the Truman administration utilized the Marshall Plan in order to build a new economic and political order with the American government in control but without the improper diplomatic impact of the American free-market (Hogan, 1987, pp. xii). Truman both expected to rebuild the superiority of US political power over the Soviet Union and over the US corporations and banks willing to compete globally. With the Marshall Plan, the US would be able to dominate most of the global market and the international relations system correspondingly while expressing the supremacy of capitalism. Additionally, the Marshall Plan encouraged currency convertibility and the removing of bilateral barriers via paving the creation of a stable and unitary market (Agnew & Entrikin, 2015, p. 8-9). Therefore, the US would make use of capitalism to integrate European countries into a reciprocally beneficial free trade market. In parallel with this, American leaders envisaged an open international economy based on the tenets of liberal capitalism, including free trade and equal opportunity (Hogan, 1987, p. 26). This situation would guarantee a reciprocally beneficial system with an open gate to further integration. All of these come to mean that the US aimed to promote transnational relations by way of being a supreme actor in an integrated market scene where all the participating states were ideologically connected under the umbrella of a mutually beneficial corporative kind of neo-capitalism.

At the level of European integration, the inclusion of Germany in this new market system was vital in terms of the US achieving its goals beyond its altruism. Additionally, the rehabilitation of Germany would show the West that it would not be a self-sufficient power. The ultimate unification of French, British, and American parts of Germany under the Federal Republic of Germany would show how iconic the new Western order was while setting an example for future military alliances based on NATO. Above all, Germany's unification and the integration in the new Western order would serve as an emblematic global call for the states potentially eager to be a part of a new-capitalist order mainly safeguarded by the US-oriented institutions and the rules of international law.

As soon as the US helped the rehabilitation of Western Europe, the US obtained an assembly of loyal and ideologically consistent allies that would demonstrate itself as

a geopolitical barrier against communism and the trade nexus to stop Soviet expansion (Hogan, 1987, p. 22). The existence of this defensive power would both browbeat the Soviet Union and diminish its capabilities of spreading out into new territories. This epitomizes an accurately outstanding tactic within a bipolar scheme in a world where the US was expecting a global attractiveness of its own national interests. In and of itself, the Marshall Plan initiated an understanding of the US ideological values that are tantamount to Western ideology, thus possibly acting as the globally supreme ideology in the event of being triumphant in the Cold War era. Since the US was trying to restore sovereign European states altruistically, this situation exemplified a sort of logical interventionism based on national interests. Therefore, economically stable European countries would be less susceptible to communist power grab while acting as a symbolic billboard of the American ideology to participate in the network, which diminishes the power of the Soviet Union. In this manner, the US would benefit from the enhanced security of the participating countries while building a post-World War II order with a groundwork built on its neo-realist self-interest.

The post-war order would necessitate to create organizations to favor economic cooperation. For example, the OEEC was established as “a condition attached to the aid: the recipient states must endeavor to promote greater economic cooperation among themselves” (Nugent, 2017, p. 32). This situation was a part of the modern evolution of the post-war order. In order to control this post-war order, the US created entities with supranational characteristics for the mentoring of the improving European industries on the way of establishing a collaborative system that would enforce administrative bartering to tackle transnational disputes (Hogan, 1987, p. 23). These organizations include the World Bank, IMF, and OEEC. The common feature of these organizations was, in particular, to supervise the distribution of American aid while boosting the economic steps taken in Europe. It is important to note that the World Bank and IMF were more likely operative in connection to the Bretton Woods Conference but the OEEC came after with the Marshall Plan. With its new leadership of world organizations, the US could operationally control the enormous power of leading the direction of international relations. Accordingly, The US accomplished its aims in terms of enhancing security by escalating its ideological power with the intention of keeping allies in defense and trade.

Once and for all, defensive neo-realism elucidates the objectives of the Marshall Plan, and national interest are used as integrated elements to achieve the neo-realist goal of improving security. The conflict between the US and the Soviet Union was predominantly about defense even though it necessitated the proclamation of dominance employing ideological hegemony. The US successfully utilized the Marshall Plan to recover Europe with its national values as a dormant power in a newly capitalist trade market while containing the Soviet Union.

3.2. Leaders of the Marshall Plan

The Marshall Plan resulted from a typical combination of public mood and leadership; therefore, it is significant to mention this amalgamation in this thesis. Undoubtedly, a huge part of the Marshall Plan's formula depended on its creators, that is to say, Acheson, Clayton, and Kennan specifically – when provincialism and parochialism were then on the skids on both parts of the Atlantic (Sorel & Padoan, 2008, p. 56). This is how European integration until the establishment of EEC could find its roots as a result of the neo-realist post-war American foreign policy embroidered with the elements of ethical realism, operating according to a calculus of self-interest.

Especially the key US policymakers such as Secretary of State or the main protagonist George Marshall, the head of the State Department's Policy Planning Staff George F. Kennan—understood that the plan would generate a Soviet crackdown in Eastern Europe. In general, it can be assumed that the architects of the plan were politically strong. In an article by Washington Post, it was mentioned that especially Marshall as a wartime leader, was capable of drawing public trust, and other figures like William Clayton, for instance, had the background of US businesses with huge management experience (Naím, 2007). In this case, the existence of similar political strength at high-levels is also applicable for their European counterparts like Jean Monnet, Robert Schuman, and Ernest Bevin.

The effect of leadership cannot be ignored on the implementation of the plan, but it was apparent that the Truman Administration initiated a powerful public relations campaign to achieve support for the Marshall Plan, which was not limited to the Congress

in terms of its scope. The implementation process of the Marshall Plan was a challenging mission considering Marshall himself stated that he made numerous public appearances including speaking trips before numerous civic and trade groups to promote the plan specifically in rural areas with an effort similar to running for office (Sanford, 1987, p.8). Considering the efforts spent was way more demanding as it was foreseen, the motives for this generosity may be connected to a high level of self-interest. As German Foreign Minister Sigmar Gabriel stated that George Marshall's policy mainly had nothing to do with altruism because it was a forward-looking policy that was implemented in pursuit of its own interest ("The Marshall Plan at 70," 2019). Judging from the political perspective, pursuing to be the best with charitable actions would not be a rare case. Intentions would be blurred especially when there was a power struggle between the main antagonists that sought to get the best role possible with the position of holding the power, domination, and control, but this would not mean that virtue or morals included.

One of the key figures of the plan was the Undersecretary of State for Economic Affairs William Clayton, who attempted to achieve a commitment for closer European economic integration since he negotiated the important points of the US offer of Marshall Plan aid with European countries from June to September 1947 (Healey, 2001, p. 229). He took charge of the primary mission of monitoring American foreign economic policy after World War II. The Marshall Plan had more of Clayton's braveness than Kennan's cautiousness (Irvine, 1989, p. 24). With regard to this, his efforts included how he tried to convince the UK to be a part of the leadership in furthering European economic integration, even though the country was unwilling to do so due to its own economic commitment to the empire. Although Clayton did not succeed in securing a European economic integration at that time including the formation of a potential customs union, his efforts helped to establish the long-time goals of European economic integration which started under French leadership at the beginning of the 1950s and concluded in the foundation of the EEC in 1957 (Healey, 2001, p. 230). What he foresaw here, as a possible choice was a developed world economy with all nations included.

Moreover, without the US aid to guarantee its balance of payments deficit, Clayton warned that economic, social, and political disintegration would overwhelm

Europe (Gleason & Aandahl, 1972). It is important to note that Clayton was the one with a vision of aiming to show that the US did not follow the tragic way of economic nationalism that it tried in 1918 with such calamitous outcomes (Healey, 2001, p. 231). He managed to analyze the situations strategically in parallel with the post-war US rationality. His reasoning also put forward that the Soviet Union could abuse that pandemonium to expand the sphere of its domination. According to Historian Melvyn Leffler, the officials of the post-war US wanted to

redress the European balance of power and to enhance American national security....from their viewpoint, the most fundamental strategic interest of the United States was to prevent any potential adversary or coalition of adversaries from mobilizing the resources and economic-military potential of Europe for war-making purposes against the United States. (Esposito, 1994, p. xviii)

In this vein, economic rehabilitation of a critically geopolitical region like war-stricken Europe acts as a primary tool of American defense against Soviet pressure. Here it is highly significant to note that strategic concerns may precede over economic ones. This is because foreign aid frequently became politics first and economics later, thus, the Marshall Plan could be logically linked to an issue of self-interest and survival necessitating minimalist conservatives to stop their opposition to bigger government and advocate foreign aid as an essential counter poison to Soviet imperialism (McQuaid, 1994, p. 45). The logic behind the conceptualization of foreign aid could be shaped by the security concerns. However, the ingredients are economic and the outcomes are political.

Even though there was no particular reference to European economic integration in Marshall's speech or Clayton's brief for the London meetings, there was support for it on the administrative level. Clayton suggested to the UK that the plan should be in a concrete way with what the participating nations were offered to do to help themselves and he proposed that a well-founded plan for Europe containing European integration was essential to persuade Congress on the need for extra aid by the US (Healey, 2001, p. 237-238). He supported a self-sustaining Europe. While he was supporting that idea, he seemed a bit perfectionist. Fossedal (1993) points out "although precise methods of helping others adjust might seem mere technical processes, they were a central issue for Clayton" (p. 119). As a whole, at least in terms of Clayton, it proceeded with short term

goals at first. Thus, he imagined that the US would supply Europe with short-term aid for basic needs such as food, fuel, and fiber, thus allowing Europe to use its scarce dollar export incomes to rebuild its productive potential, with longer-term support for rehabilitation provided by the World Bank, with the first loan of \$250 million to France on May 7, 1947 (Healey, 2001, pp. 239-240). The Marshall Plan introduced principles of free trade for the desirable long term goal of customs union primarily focusing on urgent short-term needs. Clayton was in favor of speeding up the goals rather than focusing on the long term process, but European integration was not an overnight process.

In comparison to Clayton, Washington administration or George F. Kennan was more realistic in the attempts of achieving the outcomes related to European integration because the Marshall Plan was benefited from as the short term fuel or the band-aid of the integration at that time. Therefore, a potential full integration was not the most urgent or the highest priority in this context. This situation was made clear in a detailed note to Clayton on August 26, setting out the administration's objective in advance of the visit to Paris by George F. Kennan. (Healey, 2001, p. 243). Additionally, on May 28, Clayton stated his ideas recurrently with a meeting with Kennan and Marshall, which especially included closer economic cooperation in Europe, which would aim to get beyond the limits and even economic federation as an idea was approved amongst them (Hogan, 1987, p. 43). Regardless of the various positionalities between Clayton and Kennan concerning the speed of European integration, at the end of the day, they were both plumping for it. After meeting Kennan and Bonesteel, Clayton conformed with the priority of attaining enhanced production and self-sufficiency within four years and the necessity to form a supranational organization to conduct the plan being drafted to the representatives of the European countries on August 30, 1947 (Healey, 2001, p. 243-254). Even though there were various attitudes about the pace of the process, the efforts intended by the integration resulted in additional formulas.

When it comes to George F. Kennan, it is deduced from his memoirs that he was ordered by Acheson to assess European recovery in 1947 and prepare recommendations for what ultimately became the Marshall Plan (Irvine, 1989, p. 24). It was not surprising that he was the chief architect of the plan and containment, including

the benchmark Cold War era policies. Kennan believed that expectations could build a part of power, especially by altering the story from the Soviet point of view that capitalism was in a slump, so the US could promote trust in parts of the world where its interests were involved (Beutel, 2016). Kennan supported these indirect tactics known as counter-pressures premised on concealed aggression as a strong supporter of covert operations.

The draft of Marshall's speech, mainly based on the Keynesian approach, was born in the Policy Planning Staff administered by Kennan (Sorel & Padoan, 2008, p. 15). By the speech, it was clear that he knew the boundaries of American power and kept ends balanced with extensive components of national power be applied to the areas of strategic key interest. For Kennan, whose conception of American diplomacy was based on political realism, the realities of power and the national interest were vital; otherwise, this would result in the diminution of American power (Russell, 2000, pp. 159–83). This can be summed up as an anachronistic tradition of the Cold War years with the essential purpose of diplomacy as the pursuit of national self-interest.

What Kennan believed was that provided that a military triumph could not produce desired political outcomes, the last possibility was a political war (Beutel, 2016). That is why Kennan, who considered the Soviet threat to be predominantly political, supported the idea that economic aid was a part of psychological warfare combined with overt propaganda and covert operations in order to stand against the Soviet expansion. For him, the US should re-establish something of a balance of power in Europe and Asia, especially with a sort of burden-sharing even when it means working with evil actors if it is all about the US interests (Beutel, 2016). Therefore, the Soviet issue could be directed to an acceptable locus without solving the actual problem.

Dean Acheson who became Secretary of State in 1949 contributing to the Reciprocal Trade Agreements Act, the negotiations leading to the Bretton Woods agreements of 1944 and the British loan of 1946 focused on the political aspects of the Marshall Plan rather than the economic ones even if he had a tendency to give importance to economic aspects of peace in general (Hogan, 1993, p. 1). These were all the necessary steps to be taken for the post-World War II rehabilitation that would figure in an

expanding world economy regulated by international institutions. A comparison might be drawn between his thinking and that of William L. Clayton, who succeeded Acheson as Head of Economic Affairs in the State Department.

Although Acheson thought that Marshall Plan should promote an economic integration that would put Western Europe on a self-supporting ground, for him economic aid was mainly a weapon in the challenge against communism with the Marshall Plan being a program for accomplishing strategic, not economic goals above all (Hogan, 1993, p. 2). With his strategic design offered a Western European integration as the best possible way to solve the German problem and to contain the Soviet Union. When Acheson edited the original model of containment in 1949, that is to say after he replaced George C. Marshall as Secretary of State, it was the result of Acheson's perseverance to repair what he observed as a hazardous breakdown in the balance of power. This model especially worked towards solving the German problem. On the basis, Kennan and Acheson were differing on vital issues, including the implementation of containment. Even though he put some new adaptations to the policy outlook, Acheson was able to persuade Western Europe over accepting American hegemony through a framework of values. It was achieved through the construction of international institutions by Acheson, and pioneered by the Marshall Plan, turning into the NATO, the World Bank, and the IMF.

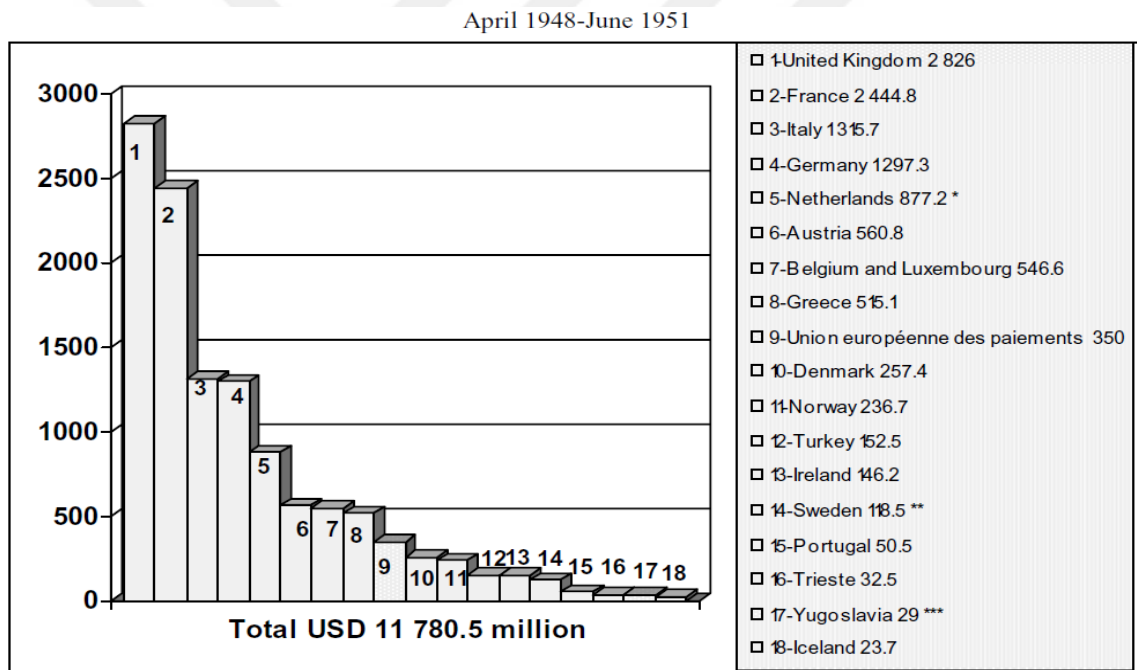
All in all, these abovementioned leaders had absorbed the lessons of the past, and they fully understood the crossbreeding economic and strategic issues before them. Acheson, Clayton, and Kennan, as the strong political figures of the time, constructed the Marshall Plan with neo-realist post-war American foreign policy with a foreseen European integration ahead.

3.3. Marshall Plan Countries

On July 2, 1947, the final meeting of the three-power conference on the Marshall Plan laid the framework for the ERP (Molotov, Bevin & Bidault, 1947, p. 4). British Foreign Secretary Bevin and French Foreign Minister Bidault invited twenty-two different European nations for the discussions in Paris. Although Poland, Yugoslavia, and Czechoslovakia were willing to take part initially, the remaining eight countries under the

Soviet influence, alphabetically in order, Albania, Bulgaria, Czechoslovakia, Finland, Hungary, Poland, Romania, and Yugoslavia declined to join the program. On July 12, 1947, delegations from Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and the United Kingdom (UK), sixteen countries in total– started to be a party to the Marshall Plan together with West Germany, which was not represented but included in the program (Hartmann, 1968, p. 39). Technical and economic loans and grants were distributed among these countries to stimulate economic growth and invigorate free trade while evading the military threat of communism strategically.

Figure 2. Distribution of American Aid among European Countries



Source: (Sorel & Padoan, 2008, p. 14)

As can be seen above, a bigger share was provided for the leading industrial powers. The Marshall Plan comprised of aid both in the form of grants and loans. For example, the UK received 385 million USD of its Marshall Plan aid in the form of loans (Agnew & Entrikin, 2015, p. 110). The aid sent to Sweden was conditional. Yugoslavia was not included in the plan; however American aid was transferred via ECA. Other than that, Germany had to spend the money very cautiously until the London Agreement on

German External Debts in 1953, and the repayable amount was reduced. European nation-states were given more aid per capita, compared to the ones who had been a part of the Axis or stayed neutral during World War II with the exception of West Germany. This may well be connected to the situation that state-run foreign aid during the Cold War, whether humanitarian or strategically applied for the long-term development had a selective service delivery pattern. The Marshall Plan as an assistant program may be the pioneering event for this selectivity to maintain the balance of power strategically in the European continent. This was mainly an example of how superpowers, here the case is the US, channeled their hegemony through their ideological allies and on the last resort with neutrals. Similarly, the Soviet system of loans and aid packages launched in the middle of 1950s, despite their being not purely humanitarian nor an altruistic action, was bounded for expansion and support of neutral regimes (Reshetar, 1965, pp. 102-112). The sum and the substance of it, the Soviets strategically followed the American technique of delivering aid anyway.

Interestingly, regardless of their Axis or Allies affiliation, European nation-states could successfully establish the OEEC in connection with growing economic interdependence between nations. As an example of shifting loyalties from nation-states to European originated institutions, the main purpose of OEEC was defined as consistent with the United Nation's goals on trade and economic cooperation between the states (Payne & Thakkar, 2012). So, the Marshall Plan as a massive financial US intervention in Europe, and especially helping to rebuild the German locomotive with the reorganizing of their debts led to a safe integration process within a common European framework, minimizing security concerns and later assisting the states to transfer their loyalties more and more supranationally.

All things considered, the aid seemed to divide Europe ideologically at first, especially East and West, with two different economic systems incompatible with each other. Still, the more they wanted to balance their power and sometimes chose to bandwagon, it led to more cooperation in the continent in a unique way, just like the attraction of two opposite poles. Depending on the division of the aid between the

recipient countries, it can be concluded that the plan delivered the aid based on the tenets of the neo-realist balance of power.

3.4. Economic Cooperation Administration and the Declaration of the Marshall Plan

In this section, as the signs of neo-realist behavior can be well traced in strategic gain motivated humanitarian intervention conducted the US in the post-World War II era, mainly due to bipolar power balance. The Marshall Plan would appear as a cold proxy war as a deterrent for possible hot conflicts in the continent after the ravaged effects of the two World Wars.

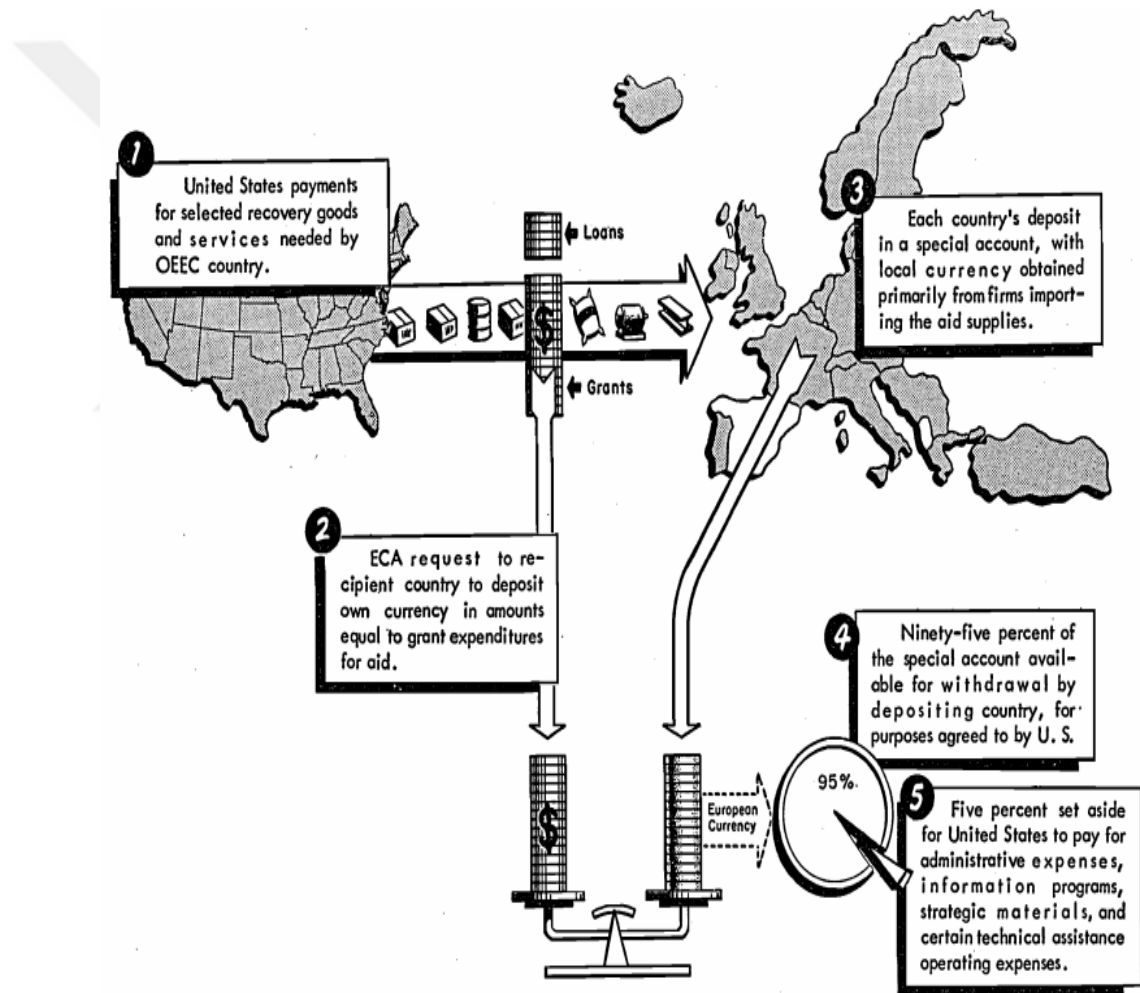
The European countries responded devotedly to General Marshall's Harvard speech, and sixteen countries got together in Paris within weeks to discuss. In contrast, France especially was not content that Germany would also receive the aid. Nevertheless, it was not possible for France to deny the logical power of the policy depending on its strategic structure. As an outcome of the ERP Conference, President Truman signed the Economic Cooperation Act of 1948, thereby establishing the ECA. Consequently, Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, Turkey, West Germany, and the US signed a bilateral agreement. By means of the Act, the US was able to endorse economic, military and technical assistance to the nation-states with the purpose of developing their prosperity and freedom conditionally in the national interest of its own (Payne & Thakkar, 2012). With the Permanent Representative sent to Europe and special agencies for each country involved, bilateral agreements were signed between each country and the US. Depending on these efforts, the point of the plan was more than rebuilding the existing continent but building a wholly new Europe. Hence,

set up for a limited period of four years, 1948 - 1952, the ERP operated through a counterpart fund. The money contributed by the U.S. included currency for loans, but went primarily (70 percent) towards the purchase of commodities from U.S. suppliers: \$3.5 billion was spent on raw materials; \$3.2 billion on food, feed and fertilizer; \$1.9 billion on machinery and vehicles; \$1.6 billion on fuel. The OEEC decided which country should get what (based on what each country declared it needed), and the ECA arranged for the transfer of the goods. The American supplier was paid in

dollars, which were credited against the appropriated ERP funds. The European recipient, however, was not given the goods as a gift, but had to pay for them (although not necessarily at one go) in local currency, which was then deposited by the government in a counterpart fund. (Stern, 2006, p. 3)

This was how the Marshall Plan or ERP functioned. Therefore, the primary function of the ECA was to transfer in this system. As can be seen below, Figure 3 illustrates how counterpart funds operated in Europe.

Figure 3. The Mechanism of European Counterpart Funds



Source: (Price, 1955, p. 106)

Furthermore, it is important to remind that the ECA was succeeded by the Mutual Security Administration (MSA) of 1951. This was surely a maximizing security behavior regarding the vulnerability rooted from the threat of communism. This assumption can be based on the aim of the US, which was to monitor all foreign aid programs together with economic and military aid that enhanced its defense capability (Hogan, 1987). In relation to this, with the US channeling its own defense capabilities to the European continent, the stronger the European states, the less vulnerable they would be on the international fora. As military and economic might are the major criteria for security and growth, and achievement of these criteria would be done in all possible ways. Therefore, evolving the ECA into the MSA would be one of these means. This replacement was connected to the outbreak of Korean War in 1950 and typically the establishment of the MSA led to a change in priorities with the building of a Western defense system which included the US pursuing the policy of German rearmament until it succeeded even though the EDC attempt failed in 1954.

It is also significant to note that specifically during the last period of the plan, with the motivation to wage a political war against communism stemming from the outbreak of the Korean War in 1950, the ECA regularly conducted covert operations. For instance, in the UK, William Gausmann, an ECA labor information officer with American socialist movement background, interacted covertly with the officials in the Labor Party in an effort to oppose the anti-American propaganda of the Communist Party of the UK which incited gossips that the Labor leadership was under the control of confidential financiers in Washington (Wilford, 2009, pp. 22- 23). To put it differently, the ECA became a part of secretly overthrowing communist ideology in a way.

The foundation of the ECA related to the proper functioning of the Marshall Plan may have a wide range of dimensions that can be linked to both state and organizational behavior. When neo-realism is applied to the analysis of macro-level state affairs, the behavior consisting of a strategic humanitarian action may help us to predict the behavior of states with the explanatory way of the utilization of neo-realism. This may bring us to the conclusion that the ECA and the declaration of the plan were motivated by self-interest due to these actions were conducted by an individual state, that is to say, the US.

This selective humanitarian intervention or assistance may be linked to a modern altruistic act with a foreseen long term rehabilitation as a part of the New World Order fueled by an entirely new Europe planned ahead. Assumedly, the ECA may be more inclined to lead an impartial aid delivery rather than an individual state, namely, the US.

3.5. Germany and the Economic Recovery of Europe

Out of the countries that benefited from the Marshall Plan between 1948-1952 within the framework of the ERP, the role of (West) Germany was vital and unique. It can be claimed that there are some typical goals to support this idea in the process with the help of the Marshall Plan: to contribute to the recovery of Europe and to the political stability of the transatlantic relations, the requirement for the development of German democracy with the aim of maintaining peace and security in a -potentially- politically integrated Europe for the future ahead and a strategic weapon against the Soviet threat (Kindleberger, 1987, p. 34). In the following paragraphs, these points will be primarily associated with the undertakings surrounding Germany, which were also related to the German problem in the continent. Considering these points, it can be claimed that the whole process was about the political inclusion of Germany into the western industrial system. Therefore, the inclusion of Germany into the Marshall Plan was not an accident, and it was the necessity born out of the reconciliation of the German problem in the European continent with a broader context. The causal relations behind the German question had an important role in maintaining American national security and world peace.

After World War II, the recovery pace of the economies in Europe was mostly slow when the unemployment problem and unavailability of food brought about strikes and turmoil in the continent. Especially in Germany, food and accommodation conditions were not good enough. The decline in food production may be linked to a drought that eradicated a huge part of the wheat crop and extraordinarily harsh winter conditions. At that time, Germany was in the key position for the transatlantic unity, which would lead to the intra-European cooperation on a further level. Therefore, it needed to be rescued for the self-interests of the US in relation to the bipolar order and would serve as a key mechanism for the future of European integration considering its deep history and the

active rivalry position with France that can incite positive developments out of political ambitions in the future. Evidently, it was hard for West Germany to defend itself against the Soviet threat as a country with an occupied Eastern territory and extraordinarily bad living conditions. Hence, the best decision was to integrate itself into a plan which would lead to an American dominated alliance later, namely NATO, as a blockage against the Red Menace of the Soviet Union. This process would later settle the Franco-German tensions down that went on for a long time in the history of the country. Moreover, the history will see a Germany turning the Cold War times into an advantage in the long run with a common product, the EEC.

The Marshall Plan functioned as the exact opposite of Morgenthau Plan of 1944, which aimed at stripping post-World War II Germany, turning it into an agricultural country with pastoralization. With the previous Morgenthau Plan, it was vague and controversial at the same time regarding when and how Germany was going to be a part of the world system as the US planned beforehand (Knapp, Stolper & Hudson, 1981, p. 417). The Morgenthau Plan was strategically wrong for the balance of power dynamics while focusing on eliminating the capacity of Germany to wage war or eradicating its industrial potential. It was evident that any permanent reconstruction of Europe would be impossible without Germany. The Congress needed to be convinced that Europe, including Germany, should be supported for the sake of self-interest of the US (Stern, 2006, p. 2). Replaced by the Marshall Plan, the US also saw the reintegration of the (West) Germany as a vital ingredient for the recovery in Western Europe while the economic reconstruction would be used as a tool for political stability (Cini, 2001, p. 14). Taking economic revenge should not have been a solution to the continent. With regard to this, the German industry capacity would play a key role in terms of European integration; hence, without Germany, the integration process would be delayed or could go entirely non-existent.

Additionally, it was essential to handle the security hesitation that the French government had. It was essential to maintain cooperation with France at the same time and so, President Truman clarified the situation in his message to Congress on December 19, 1947, he added:

The productive capacity of the highly industrialized areas of Western Germany can contribute substantially to the general cooperative effort required for European recovery. It is essential that this productive capacity be effectively utilized, and it is especially important that the coal production of the Ruhr continue to increase rapidly. Every precaution must of course be taken against a resurgence of military power in Germany. The United States has made clear on many occasions its determination that Germany shall never again threaten to dominate Europe or endanger the peace of the world. The inclusion of Western Germany in the European recovery program will not weaken this determination. (United States. Congress., 1950, p. 1294)

A monetary reform was crucial to support the Marshall Plan to maintain a better proportion between the money and goods, revalue the previous currency while removing the black market. Therefore, the recovery efforts to revive Germany started with the currency reform of 1948, introducing the Deutsche Mark (DM) in the Western occupation zones. Two days after this reform, the Soviet Union declared its own currency reform to apply its occupation area, including Berlin (Winkler, 2007, p. 120). With regard to this, just after the currency reform, the Soviet Union reacted by blockading the Western parts of Berlin. Nevertheless, seemingly, this would not deter the Americans from obtaining their strategic gain.

It was true that a potentially prosperous West Germany would create a magnet effect for a unified Germany in the future rather than dividing it, just like the probability of drawing Czechoslovakia or Poland under American influence. That effect is mainly because the Marshall Plan integrated the usage of soft power dynamics with America's military power and other diplomatic ways. The use of economic and cultural aid to influence without using military force can be considered as a modernized way of neo-realism in this context. This idea may be supported with the words of the Republican politician John Foster Dulles during the hearings of the ERP:

Western Germany ought to integrate into the eastern economy of Europe as rapidly as possible. When I say that I do not envisage a permanent division of Germany, but the only way in the world you are going to unite Germany is to create a condition in the west of Europe which is so attractive, which sets up such an attraction on the east, that the Soviet will not be able to hold out the east of Germany. Then you may get Germany together again. (United States. Congress. Senate., 1948, p. 610)

Additionally, one thing was for sure that Europe and Germany needed each other for the proper functioning of the integration. For instance, Germany was not an original member of the OEEC. Still, because of that reciprocal necessity, the Federal Republic of Germany was admitted soon after the OEEC was established in 1949, and a federal ministry under a deputy chancellor was formed to manage the Marshall Plan funds (Stern, 2006, p. 3). In other words, the integration of Germany would soon mean the unification in the future and a further potential European integration.

In Germany, the aid was mostly used on the reconstruction of the industry, especially with the coal industry receiving 40 percent of the total amount. The idea was quite straightforward, with the companies supplied with these funds with the obligation of paying these loans back to the government, and the government would be able to support the industry and business sector. Unlike Germany, the other European countries immersed these funds into their national budgets that vanished through the years (Provan, n.d.). As a matter of fact, Germany had already received a huge amount of US aid before the Marshall Plan was even planned through the Government and Relief in Occupied Areas (GARIOA) program just after the end of the war (Adenauer, 1953, p. 5). Even though Italy, the UK, and France had a larger share from the Marshall Plan, Germany managed to make the most of the aid compared to any other countries that were included in the plan, which is clear depending on the existence of the ERP Special Fund as a counterpart fund even after the ending of the plan itself. In view of the fact that Germany was not acknowledged until 1953 regarding the amount it was going to pay back including the debts out of GARIOA program and the Marshall Plan, which totaled to \$3.3 billion, it was specifically meticulous towards the usage of the ERP counterpart funds (Stern, 2006, p. 4). Nevertheless, the effects of the Marshall Plan could not be measured only in terms of economic data considering the fact that for West Germany and the Federal Republic, the plan was not solely an aid program but also a tool for political restoration (Knapp et al., 1981, p. 421). This imperceptibility may also go back to the existence of the GARIOA program and the aid usage circle that went on for years after the end of the war. Accordingly, the plan was meant to provide a basis for the integration of Germany that would reconcile the resurgence of industrious German power with the security and

economic necessities of its past victims (Hogan, 1985, p. 46). Throughout the process, the US state behavior was strategic:

Most of the participating ERP countries were aware from the start that they would never have to return the counterpart fund money to the U.S., and it was eventually absorbed into their national budgets and disappeared. Germany, however, was left in doubt - would it have to repay its debts? This uncertainty was to have a very positive effect. (Stern, 2006, p. 3)

Undoubtedly, this positive effect implied the prolific usage of the ERP Special Fund as was mentioned earlier. As a part of the areas of reference regarding the Marshall Plan and West Germany, it can be suggested that this relationship contained the interconnected dynamics of general foreign policy, foreign economic policy, and security policy all in one leading to “West-Integration” (Knapp et al., 1981, p. 426). It can be claimed that the role of (West) Germany was special because without the reintegration and reconstruction of Germany, the Marshall Plan would not achieve its goals towards the economic and political recovery of the European continent, and it was a reciprocal process.

3.6. “Bipolarity” and Soviet Reaction to the Western World as Counterweight: Molotov Plan

The “bipolarity” was not coined by Kenneth Waltz. How it entered into the international relation terminology was thanks to the work of W.T.R Fox entitled *The Superpowers* (1944). The metaphorical aspects of bipolarity with an Anglo-American combination and the Soviet Union constituting the poles of world politics in the context of aggregation of power, as they geographically pose no direct threat mutually and a potential war between these powers would lead to moral and substantial devastation, it would be considered as unnecessary (Fox, 1944, p. 97-98). Therefore, instead of hard power, the exertion of soft power dynamics of the states in opposite poles is inevitable in this case. When the US exerted its soft power via the Marshall Plan, the Soviet Union did its soft power strike with the Council for Mutual Economic Assistance (Comecon) established by its own Molotov Plan in 1949.

The reaction leading to the bipolarity of the poles in terms of realpolitik goes back to the date, 2 July 1947, the final meeting of the Three-Power Conference in Paris with the response of Viatcheslav Molotov, the Soviet Union Foreign Minister (United States. Congress. Senate., 1950). At the meeting in French capital, after British and French proposed that subcommittees should analyze the needs of the European countries with the establishment of a steering committee to coordinate the process within the framework of a recovery program, Molotov opposed and suggested that each country should handle their studies according to a predetermined US offer (Hartmann, 1968, p. 38). This situation lasted as five days of standstill and ended up with the withdrawal of Soviets from the meeting as a result of the French-British push for their decision regarding their cooperation with the US. All these events culminated in the introduction of the Communist Information Bureau (Cominform) as the first step against the Marshall Plan by the Soviets in a few months to tighten the Soviet control mechanism in Eastern Europe or so-called Soviet satellite states with trade networks, propaganda newspapers and so on. It would be the Marshall Plan's counter-propaganda tool in a sense specifically to block it in Italy and France. During the Soviet objections to the Marshall Plan, Molotov legitimized the potentially bipolar political atmosphere blaming it on to the US plan:

It would lead to Great Britain, France and that group of countries which follows them separating themselves from the other European states and thus dividing Europe into two groups of states and creating new difficulties in the relations between them. In that case American credits would serve not to facilitate the economic rehabilitation of Europe but to make use of some European countries against other European countries in whatever way certain strong powers seeking to establish their domination should find it profitable to do so. (United States. Dept. of State, 1985, p. 809)

This situation shows both the bandwagoning on the British and French sides and the security dilemma that was brought by the mutual distrust. Considering the fact that the Soviet Union would later respond to NATO with the Warsaw Pact, it can be assumed that the basic intention of these mutually established organizations as a result of the security dilemma is due to the distrust of the other party. Since the organizations that were established increased the distrust of the other party, it led the other party to carry out studies to bring the competition to an advanced level, which would later lead to a stronger European integration in the context of accumulation of common goals of the European

states during the process. As for the metaphor of bandwagoning, states sometimes ally with the stronger side. This is what the UK and France had to do during the Paris meeting. They had to choose one side, and it would be the economically stronger one at that time, the US. This situation as a whole may be coined as the “wave-of-the-future bandwagoning”, which is typically induced by the dynamic ideologies or charismatic powerful leaders (Schweller, 1994, p. 96). As stated before in this thesis, this magnetism of the US as a trusted and profitable power to bandwagon seems rational for the survival of the European states.

In January 1949, the Soviet Union established Comecon to administer its own Molotov Plan as a response to the establishment of the Marshall Plan and the OEEC, respectively. The Molotov Plan was mainly a system of bilateral trade agreements establishing Comecon in order to form an economic alliance of the Eastern bloc. While Cominform was the ideological body of the Soviet power exertion to keep the Eastern bloc together, including Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Albania, and East Germany, the Comecon represented the economic developmental aspect of the Soviet bloc (Korbonski, 1964, p. 4-6). It would later lead to a chain reaction of the Eastern European countries politically and economically aligned with the Soviet Union drawn together by a mutual defense agreement with no permission to take part in the NATO. The Molotov Plan was, in fact, symbolic of the Soviet Union’s rejection of financial aid from the Marshall Plan or permit any of their satellite states to do regarding their belief that the plan was a tool to weaken Soviet interest in their satellite states with the conditions imposed.

At that time, the US was able to provide a vast amount of monetary aid to the countries applied for the Marshall Plan because the US did not suffer huge losses similar to the Soviet Union or European countries. Nevertheless, the Soviet Union was able to provide economic advice under the framework of Comecon but not enough monetary aid since its economy was still under recovery at that time (resulting in the failure of the plan in the future). Considering their bipolarity in the international system, it is expected that it means a relationship between two opposite poles that are equal in terms of power. Figures on world power for the early post-war period shows that the Soviet Union had 16

percent and the US had 36 percent in 1946; in 1950, the numbers are 18 and 28 percent respectively (Wieslander, 1995, pp. 145-146). Hence, in terms of power, the Soviet Union was not as strong as the US. But how much power was enough?

While the Marshall plan aimed to be contingent upon the economic recovery of Germany, the Molotov Plan or Comecon was scared of a reconstituted Germany considering it had to be unable to be rearmed or pose any kind of threat to the Soviet Union. The message of the US with the Marshall Plan was clear: “You can be like us: Prosperous and peaceful...” But this message was disturbing to the Soviet Union since the US was seen as intervening in the balance of power within the continent via pro-US alignment and making the countries escape the Red Menace even though the communist parties trying to seize control via revolutions and elections. But from another view, the Red Menace-oriented Red Scare actually what really induced the Marshall Plan. In early 1948, Soviet agents executed a coup d’état in Czechoslovakia, the only Eastern Bloc state that the Soviets had allowed maintaining democratic structures (Lukes, 2011, pp. 431–449). The public violence of the coup shocked Western powers leaving a Red Scare effect that eliminated a few that opposed the Marshall Plan in the United States Congress. Consequently, in this paradigm, the counterweight of the Marshall Plan as a soft power tool appeared to be the Molotov Plan, and these two became the metaphors of the bipolar distributions of power in the post-World War II era.

3.7. The Importance of “Self-Help”

With a bipolar distribution of power between the US and the Soviet Union, states and other transnational actors must rely on themselves for their economic capabilities turning into a national security instrument in the international system. They may form temporary alliances with other states, and it was natural how their capabilities measure up against one another regarding their bipolar competitive system. From the US side, if the Marshall Plan had failed, with the negative domino effect, due to the self-help system failure, the war could have been inevitable within that structure. Therefore, the Marshall Plan acted as an important self-help instrument in the European continent against the Soviet threat. The self-help mechanism, after all, was also about the self-restraint principle of the containment strategy because the US gave the breaks while the Europeans

were going to solve their own problems (Beutel, 2016). This was also where the diplomacy functioned as the grand strategy empowering itself from financial means extending to the enhancement of security via self-help.

It is significant to mention that “the counterpart fund” system became the key self-help tool within the Marshall Plan, simply preventing inflation and being a practical method of cooperation against the Soviet threat. Whenever a European buyer is approved to spend a specified amount of dollars, his government must put an equal amount of its own currency in a special account. With the counterpart fund system, every country used it in different ways according to their needs and gains. They did it so in any project with ECA approval every time. For instance, while Norway and the UK withdrew their counterpart fund from circulation intending to lower inflationary pressures, Greece used it to increase agricultural production or Italy used it for reforestation and so on (Todd, 1950, p. 14-15). These projects happened with close consultation with the ECA in their own country, which was forwarded to ECA headquarters in Paris and finally headed for the approval of the administrator in Washington.

With regard to the counterpart funds, when the Marshall Plan ended in 1953, the London Debt Agreement stipulated that Germany need to repay solely under 1 billion dollars of the amount it had received (“The Marshall Plan and the ERP,” n.d.). Because the Federal Government was concluding these repayments using the federal budget interestingly enough, the ERP Special Fund was not decreased in size, which was generated using the counterpart funds. This led to the legislation that turned the ERP Special Fund into a revolving fund for long-term investment loans to promote and revitalize the German economy. This was in fact, how the principle “self-help” proved itself in real terms for the first time successfully, and Germany became the foremost example of this accomplishment. For future reference, the ERP Special Fund kept growing with DM 10 billion in 1971, and by the end of 1995, the Fund had made low-interest loans around DM 140 billion (Stern, 2006, p. 4). This fund also gave unified Germany the opportunity to benefit from the fund even decades later.

It is also important to state that the Marshall Plan included a Technical Assistance Program, which supplied funds for the engineers and industrials to visit the US and gain

direct experience of technology transfer in which American engineers visited Europe to provide technical support in different countries (Provan, n.d.). The Technical Assistance Program was about the mutual self-help dynamic, which was beneficial to both sides, technically considering the dissemination of the expertise in the areas found necessary.

As can be deduced from what is mentioned above, The Marshall Plan can be interpreted as a self-help measure stimulated by the disturbed balance of power within the anarchic system which is apparent from the technical and economic effort the US spent on to enhance its security by way of transforming Europe. Even though the states naturally seek to enhance their security at any time rationally possible, the US decided to invest in the security of other states with a tremendous amount of money instead of spending it directly for its own interests. Truman was aware of the fact that American economic success was contingent on Europe with a dynamic economy in the US necessitated efficacious investment abroad (Hogan, 1987, p. 26). Depending on the assumption that a country's main sense of security is its prosperity, the security can be defined as a concept with the ability to use, consume, invest its national prosperity whenever it is possible; that is to say, a state is secure to the degree that its prosperity cannot be forced or otherwise extorted from it (Lake, 1996, p. 5.). This correlates with the realist weight given on military power since a state cannot maintain a military without the right funds to support it (Mearsheimer, 2001, p. 61). Since the US maintained its prosperity and gained further, the Soviet Union would both lose its sphere of influence and the potential markets. This situation would make the US superior in his self-interested effort peaked with the Marshall Plan within the bipolar system. This situation would suffocate the satellite communist countries as well while the US power would upsurge comparatively.

CHAPTER IV

MARSHALL PLAN AND THE EUROPEAN INTEGRATION TOWARDS A NEO-FUNCTIONALIST EDIFICE

In this chapter of the thesis, the noteworthy catalyst impact of the Marshall Plan on the post-World War II European integration process will be explained on a neo-functional edifice based on the historical information. Since it is claimed that the Marshall Plan acted as a driving force in the center of American foreign policy during the post-war European integration process specifically focusing between the years of 1945-1958, this final chapter sheds light on the period starting with the Marshall Plan and ending with the establishment of the EEC from a theoretical perspective by using neo-realist and neo-functional theories. Through the previous chapter, the motives and roots behind the plan were explained through a neo-realist perspective while it was actively forming a transatlantic balance of power starting from containment policy. This chapter provides a detailed analysis of how the plan supplied the European continent with political stability and the promotion of European integration that can be explained with spill-over effects of neo-functionalism. That is to say, in this thesis, while neo-realism as an international relations theory becomes the explanatory tool to prove the assumptions coming out with the Marshall Plan, neo-functionalism as a regional integration theory is applied to explain the developmental process of European integration in this sense. Through this process, the Marshall Plan contributed to building the institutions that coordinated the economic and political system of Europe as a preamble to the formation of ECSC and then EEC.

As it will be explained further in this chapter, the scope of the Marshall Plan reached out beyond Germany-US alliance policies. The plan also introduced Germany as a non-hazardous actor in the European continent. As a whole, this chapter aims to explain the functioning of the Marshall Plan as an accelerator in promoting European political and economic integration in the post-World War II years with spill-over effects in terms of transatlantic cooperation.

4.1. Marshall Plan: “Lubricant in the Engine, not the Fuel”

In the Post World-War II era, the role of American economic foreign aid under the Marshall Plan in the restabilization process can be considered to be analogous to a political one. As it was stated in the previous chapter, it functioned as a tool of self-help which acted as “the lubricant” like Harvard University historian Charles S. Maier:

By easing balance-of-payments constraints and freeing key bottlenecks for specific goods, American aid allowed the European economies to generate their own capital more freely, certainly without returning to the deflationary competition of the 1930s US aid served, in a sense, like the lubricant in an engine -not the fuel- allowing a machine to run that would otherwise buckle and bind. (1981, p.342)

This explanation can be linked further for the stabilization process resulting from a self-productivity, which would lead to a spill-over in other sectors. This productivity as a result of the Marshall Plan is also a peace bringing mechanism in the continent that can not be separated from a politics fed by an American power induced new world capitalist order. In this manner, this situation led to the growth-organized welfare capitalism, which is to say what is termed as “politics of productivity” (Maier, 1977, p. 624). This stabilization mechanism of the continent, which would lead to a concrete European integration at the very end, could also be viewed as a natural outcome of German-American cooperation achieved after two different world wars ending the very stigmatized German problem after long years. Considering the post-war periods in terms of stabilization, in his other source, Maier stated that:

Domestic party developments obviously took place under the shadow of the great powers. The overwhelming difference between 1918 and 1945 was the continuing intervention of the United States and the Soviet Union in their respective spheres of influence. But in Western Europe, American aid, with its attendant pressure, was only one of many factors abetting liberal reconstitution. The discrediting of the European Right, the fear of Communist motives and the Soviet Union that replaced Popular Front effusions, and the desire on the part of both Christian Democrats and Social Democrats to establish moderate welfare states were powerful impulses on their own. They alone sufficed to make 1945 different from 1918. (1987, p. 161)

This situation points out to the fact that two post-war periods differed from each other, but they can be both linked to a stabilization process. The lubricant characteristic

of the Marshall Plan stems from this sort of stabilization. This lubricant status may also be referred to as a spill-over dynamic, which creates actions crystallized into institutions or organizations creating demand for further action in return. As a potential engine of integration, the Marshall Plan produced spill-over by nurturing new regional dynamics in the European continent while upgrading the commitments of the nation-states with neo-functional peace. In the following pages of this thesis, its performance will be addressed further in detail. In terms of developing further cooperation, it is important to elaborate on the inclusion of Germany into the engine:

In 1947, American statesmen and their European counterparts had learned from their mistakes after the previous great conflict. In 1919, a punitive peace was imposed on a Germany that did not believe it had lost the war. The country, after all, had not been invaded or occupied and it had sued for an armistice in 1918 on the basis of liberal peace. Hitler played on this sense of grievance in the 1930s. In 1945, by contrast, Germany had been unequivocally defeated: the ruined cities and occupying armies made clear. But by 1947, the Americans, British and, more slowly, the French were ready to re-build Germany (or the western part of it) in the interests of European recovery. To the German question, they now offered a European answer: integrating Germany with its neighbors. The Marshall Plan was the first sign. Later came the Coal and Steel Community and the European Economic Community. (Reynolds, 1997, p. 12)

Here, the high level of integration made the ECSC and EEC attractive with a necessity of further integration as a part of a geographic inclusion process of Germany via geographic spill-over. That is to say, the more the nation-states became aware of the benefits of the integration with the Marshall Plan, the more they would be integrated into a further process perpetually.

By the end of 1951, industrial production for all participating countries was 64 percent higher than in 1947. Total gross national product rose by about 25 percent. The dollar deficit that had been a major issue at the start of the Marshall Plan dropped from \$8 billion to about \$2 billion in 1952 and into an approximate balance by 1953. Three-quarters of the intra-European import quota restrictions that Europeans had promised to address were eliminated by 1951. At the end of that year, trade volume within Europe was almost double that of 1947. (Tarnoff, 2017, p. 2-3)

This data can be harmonized with neo-functionalism as well. To Haas, who argues that power cannot be separated from prosperity, power can be used as a tool for achieving prosperity. In addition, power-prone government policies could be turned into welfare-

prone policies. According to Haas, the transition to welfare-oriented policies will take place with the involvement of experts in the international integration efforts (Haas, 1964, pp. 47-48). All these efforts starting with the Marshall Plan coming out as a result of the balance of power needs would lead to prosperity and political integration in the end. The international relations should not be seen as a zero-sum game, which means everyone involved in the procedures of economic and political integration would win in the process.

4.2. Facilitating Integration in the Post-World War II Europe

The Marshall Plan also moved the quest forward for European integration in the post-World War II Europe. The unification of Europe became a possibility after long years in the continent with the conditions created by the American policy. The Marshall Plan inspired a new international order by enabling the nations of Europe first to rediscover their own identities in its pursuit, then to go on to build systems transcending national sovereignty, such as the ECSC and, eventually, the EU (Kissinger, 2015).

It is essential to add that with West Germany becoming the virtual engine of capital accumulation if integrated into a West European scheme of exchange, German skilled labor and coal would be useful to all its neighbors (Maier, 1987, p. 180). In the end, the German recovery and integration process would lead to a geographical spill-over, also helping the economies of the continent more efficiently. As a whole, it was the ERP coordinated the actual design for recovery and the establishment of the OEEC for the Europe in which the trade restraints and other interaction barriers were abolished in this respect (Tarnoff, 2018, p. 18). This was how the attempts in aid of European integration constituent of the Marshall Plan were strengthened at this time, and the European Payments Union (EPU) was also a part of this process.

The European Payments Union (EPU), an outgrowth of the payments plan, was established in 1950 by member countries to act as a central clearance and credit system for settlement of all payments transactions among members and associated monetary areas (such as the sterling area). At ECA request, the 1951 congressional authorization withheld funds specifically to encourage the pursuit of this program since successful conclusion of the EPU depended on an American financial contribution. In the end, the United States provided \$350 million to help set up the EPU and another \$100 million to assist it through initial difficulties. Many believe that these and other

steps initiated under the ERP led to the launching of the European Coal and Steel Community in 1952 and eventually to the European Union of today. (Tarnoff, 2018, p. 18)

Considering the neo-functionalist assumption, one functional sphere increases the probability of integration in other, so EPU can be considered as a part of spill-over. To illustrate this, here the EPU, by way of promoting the intra-European trade reconstruction, developed the economic constituency for a common market in goods and services.

4.2.1. Monnet Plan: How France Became a Part of the Marshall Plan

After the war, however, France needed to be rebuilt after the destruction it had suffered. It also needed to be modernized. In a situation where Germany was not capable of the renewal of French industry or the lack of economic and political outcomes out of the plans for British French cooperation, according to Jean Monnet, France needed American aid, and Germany needed to have a proper place in the reconstruction of Europe (Sorel & Padoan, 2008, p. 45). This chapter provides detailed explanation on how the plan supplied the European continent with political stability and promotion of European integration with spill-over effects of the neo-functionalism. Not only did the modernization plan focus on the productivity of France, but it also intended to guarantee that France would surpass Germany in the industrial production in Europe. In January 1946, Monnet drafted a *Plan de Modernisation et d'équipement (PME)*, which is to say that the Monnet Plan with a five-year duration recovery program (Holm, 2017, p. 101). Monnet with his close associates in temporary quarters at the Bristol Hotel devised a project that was known as the Monnet Plan therefore in France, the Marshall Plan gained a proper response with it, forecasting a mass organization of the French people in collective energy (Sorel & Padoan, 2008, p. 47).

The whole nation must join in these efforts. People will accept the measures to be taken, but only in so far as they know and understand the real situation. The proposed plan is not only a tool for the administration and the public authorities. It concerns all the Frenchmen. It will give them the facts about where we stand, and directives to guide them in their own individual decisions. (Monnet, 1978, p. 238)

What Monnet believed was that protectionism and economic nationalism could pose a threat to the future of the European continent in relation to the fact that France and

Europe were interconnected (Sorel & Padoan, 2008, p. 46). Hence, without Europe, France was almost nothing. The goals of the Monnet Plan were to improve national production and foreign trade, to enhance productivity and employment, and to increase the living standards with a core objective of restoring the French industry (Holm, 2017, p. 101). It was pretty clear that the political actors in Europe had to shift their loyalties from the scope of nation-states towards supranational institutions. A better France meant a better Europe. Even though Jean Monnet neither had an impact on the design of the Marshall Plan nor he had an active role in the preliminary negotiations, both programs shared joint reasoning (Sorel & Padoan, 2008, p. 47).

During the years of 1946 and 1947, the PME met firm opposition from Maurice Thorez and the French Communist Party. Nevertheless, their resistance against the recovery in France led their additional isolation, which resulted in their elimination from the government in May 1947 (Holm, 2017, p. 102). Of course, there were fears on both sides of the Atlantic about the Marshall Plan and the Monnet Plan, revolving around solidarity vs. hegemony: Monnet had a critical view towards the Marshall Plan in some areas or George Marshall feared that Monnet Plan would divide the interests of France and Europe (Sorel & Padoan, 2008, p. 47). The Monnet Plan planned in France and assisted to a great extent by the Marshall Plan would turn France into an everlasting and prolific member of the European continent. Not later than 1950, France would be the integrating element that would lead to novel economic and political organizations. As one of the foremost designers of European unity, Jean Monnet was aware that integration in one sector of common policy among sovereign states would ultimately result in a spillover into other policy areas. This would lead to integration in these policy areas and consecutively, ending up with more spillover.

4.2.2. Neo-Functionalist Peace: Out of Franco-German Rivalry, through the Marshall Plan

In the post-World War II era, Germany and France were politically in separate ways. Although France was one of the four triumphant powers, Germany was economically and politically left alone. These two neighboring countries had the dynamic of the importance of bilateral relations with each other in terms of potential integration.

Franco-German reconciliation can be considered as the first challenge for instituting enduring peace in the European continent and as a groundwork on which to establish collaboration to a larger extent between European countries. In this respect, Robert Schuman, one of the founding fathers of unified Europe, established this necessity as the initial point for the development of European integration. Through the Franco-Prussian War and the World Wars, the disputes between France and Germany were mostly centered on the Alsace-Lorraine problem. As a matter of fact, historically speaking, this negative situation centered on the ownership and annexation of the before mentioned territory would be turned into as the main motive force behind European integration.

After the foreign ministers of the Big Four gathered in Moscow in 1946, it became evident that France would not approve the notion of German unification and the UK minister, Ernest Bevin, persuaded the US Secretary of State James F. Byrnes that the English-speaking countries should assist the French with the intention of preserve the western unity (Sorel & Padoan, 2008, p. 44). It was apparent that French would target controlling West Germany by integrating the country into what was the start of European integration. Nevertheless, with the division of Germany, France was sure of its safety. This could be interpreted as a guaranteed way of security and the start of leadership potential under the auspices of the French state.

It is important to note that each country had the tendency to make deductions from the events with the aim of using it to proclaim its own interests. For instance, the French were concerned that Germany could be close to the Soviet Union and on the other hand, Germany was worried about a French policy of *détente*. The contextual part of these different standpoints also denoted to the Stalin Note of 1952, in which Joseph Stalin proposed negotiations on the neutralization and reunification of Germany to the main Western powers, that is to say, France, the UK and the US (Bonwetsch, 2008, p. 106). Both countries were key individual actors in the international system, depending on how they embraced their interests. With their economic potential, they could lead the integration. In this vein, such an endeavor would never have to be successful without the robust Franco-German axis.

The resolution of the Ruhr problem and the economic catalyst effect of the Marshall Plan would lead to a snowball effect on the continent. Political integration as an inexorable process is a snowball continually gaining speed with the integration going on, and it is not limited to political or functional spill-over but can be identified as a geographical one (Cram, 2005, p. 17). With the Ruhr becoming the central point for the renovation of the European economy and the region staying under the supervision of Germany's neighbors, France could receive contentment, and all the Europe and the US could promote solidarity (Sorel & Padoan, 2008, p. 45). As a more far-reaching effect, with more countries added as the trust in cooperation arises, this unity would grow bigger and bigger and take everything in its way with it. Resolutions of the problems like the Ruhr would be applied to more areas, and this would result in more spill-over in new areas in turn.

4.3. Intra-European Cooperation as a Form of Integration

With the enactment of the Marshall Plan, intra-European cooperation gained its first and fast-paced momentum on integration. From the establishment of the OEEC, the first of the vital European regional organizations after the war built the groundwork for the EPU. While one regional organization was fulfilling its role, other developments were also taking shape and serving different purposes in terms of integration. These developments were also interlinked with but the Schuman Plan and the NATO. This was how the European integration evolved in a series of events reaching until the EEC and ECSC, with spill-over effect expanding towards economic and political level enhanced with regional security. Spill-over, helping this thesis to explain these developments, as the central metaphor of neo-functionalist theory, is the process in which “a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more, and so forth” (Lindberg, 1963, p. 9). The further actions and conditions necessitating mutual commitments towards more forerunner organizations and institutions enlighten the way in which the Marshall Plan acted as a catalyst in all these abovementioned cooperation tools.

4.3.1. The Establishment of the OEEC

With the aim of European collaboration, the OEEC came into being to coordinate the Marshall Plan by the recipients of the Marshall Plan in Paris in 1948. Stemming from the Marshall Plan and the Conference for European Economic Co-operation (CEEC), it would supervise the division of aid as a means of collaboration while working on the achievability of establishing a customs union or free trade area. However, this collaboration was not that easy since the Europeans had “no tradition of common economic problem solving” (Stern, 2006, p. 3).

The OEEC was given the major responsibility of recommending the division of aid among the participating countries, thereby emphasizing the importance of European cooperation, and translating this objective into reality. In addition, the OEEC continued to set production goals, developed improved analyses of European economic conditions, encouraged the exchange of information among member countries, and contributed to the elimination of restrictions on intra-European trade. (Hartmann, 1968, p. 55)

Clearly, these were the first steps taken for the regional integration toward unity. This process with the OEEC and the operation of the Marshall Plan show that European integration was not an end or the ultimate goal. However, it can be analyzed more of a process from a neo-functionalist point of view. OEEC can be considered as the first vital step. Happened in 1948, the OEEC was facilitated by the US government to guarantee the distribution of aid coming with the Marshall Plan was effective. It is suggested that the OEEC functioned as the first platform for Western European countries to seek supranational integration (Staab, 2008, p. 7). Even if these were the first steps taken, some actors could be hesitant about sovereignty issues. The UK did not enjoy as usual abandoning any of its beloved sovereignty, and for them, the OEEC should be a multilateral body but not a supranational one (Stern, 2006, p.3). From a neo-functionalist perspective with a supranational framework to be drawn for the initial process necessary for the continuation of the integration, this could be interpreted as a challenging fact. West Germany was not a member of the OEEC at first, but it was soon realized that Europe was in need of Germany, and this fact was reciprocal as it happened before. After all, German inclusion was inevitable in the economic and political steps taken for the European integration in the post-World War II period.

Collaboratively, they agreed upon a joint recovery program. They all aimed to lessen economic barriers and promote maximum upsurges in trade and production, to attain a multilateral scheme of payments, and to evade disproportionate imbalance in their economic and financial relations including the French delegation favoring an organization with partial autonomy with its own functions (Price, 1955, p. 80-81). That is to say, in the case of a vital economic or financial decision to be taken; each state would think over the effects of it on the economies of other states. From this standpoint, the OEEC initiated a process of mutually dependent European states planting the seeds of a Europe opening itself to supranational.

Within the economic sphere the OEEC, embracing the free countries of western and southern Europe, may be contrasted with such subregional groupings, involving a further measure of consolidation, as the Coal and Steel Community generated by the Schuman Plan. The latter type of organization seemed to point to an acceleration of integration among a limited group of states within Europe or, as some would express it, toward the greater consolidation of a “little Europe” within the larger area of free Europe (Price, 1955, p. 355)

The European unity could be in a slow pace, but the OEEC would progressively create patterns and obtain authority and, eventually, these would corrode national sovereignty with the creation of a market that could compete with the US, contain the Soviet Union and absorb Germany in a peaceful way (Killick, 1997, p. 135). While the ECA operated the ERP with its Washington headquarters and missions in the participating countries, the OEEC acted as the own regional coordinating body of these countries.

The OEEC contributed the basis not only for its own outgrowth –namely EPU– but also for the Schuman Plan and the NATO (Price, 1955, p. 355). Exceptional cooperation towards the European unity was the establishment of the EPU under the auspices of the OEEC in September 1950 with the goals of eliminating the barriers of the European currencies’ inconvertibility and quantity restrictions (Organisation for European Economic Co-operation, n.d.). It acted as a helping mechanism to the OEEC in order to balance intra-European deficits. Even if EPU was dissolved in 1958, the OEEC continued to exist. The EPU functioned as an institution used to observe the compliance of governments with their commitments given in a Code of Liberalization, which was administered by the OEEC (Eichengreen & Boltho, 2008, p. 15). By way of the OEEC,

European states started to watch the impacts of economic cooperation via an institutionalized ambient. Apart from enabling the distribution of the Marshall Plan aid, the organization also delivered the outline for the formation of additional organizations and the application of economic programs.

During the further efforts towards European integration was on the way in the year of 1951, three OEEC countries submitted similar proposals regarding further integration. The Stikker, Pella, and Petsche Plans, which were named after the sponsoring delegates from the Netherlands, Italy, and France supported the removal of quantitative restrictions, the gradual reduction of tariffs, and other unjust practices (Price, 1955, p. 142). These plans were all in favor of a bigger European market as a way to diminish the costs of production in general. The ideas establishing the European Investment Bank (EIB) came with these plans as well even if the EIB was founded later in 1958.

4.3.2. Formation of NATO

The Marshall Plan laid the basis for an invigorated Europe and the formation of the NATO partnership as an integral part of the development of the Euro-Atlantic alliance. In fact, the Truman Doctrine and military deterrence delineated containment in the shape of NATO. It is important to note that NATO was not an utterly military alliance guaranteeing territorial integrity against a potential threat, that is to say, the Soviet Union.

In November 1947, Kennan had written to the Secretary of State George Marshall that the first place the Soviets would crackdown would be in Czechoslovakia, however, with no proof that Marshall ever read it (Kennan, 1967, p. 379). Four months later, the Brussels Treaty was signed - in the aftermath of the Czech coup d'état- between the UK, France, Belgium, and the Netherlands as a critical event for the formation of NATO. Apart from the Czech coup d'état, it is important that NATO also appeared as a natural outcome of Berlin Airlift.

In April 1949, the US and eleven other countries established a defensive alliance NATO - Belgium, the UK, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, and the US (Hartmann, 1968, p. 63). An attack against one of them would be considered an attack against all. Greece and Turkey took part in

NATO later in 1952. With the establishment of the alliance, the Soviet Union was contained, and Germany was controlled. In addition, NATO allowed France to transfer allegiance from the UK to Germany without much risk (Killick, 1997, p. 143). The UK's undecided and frail position to maintain security in the European continent necessitated an American guarantee through NATO. It is necessary to add that the Marshall Plan released European assets for rearmament and militarization, functioning as an indirect economic subsidy (Joseph, 1948, p. 19). That was also about how the Marshall Plan and NATO together generated alliances or counter alliances pioneered by the US and the Soviet Union while feeding the need for integration process in Europe within.

Indeed, from the very beginning in the late 1940s, the project of building Europe was a twin project: on the one hand, to encourage political and economic integration; on the other, to provide security. And the first concrete manifestations of that logic were the Marshall Plan and NATO. (Robertson, 2001)

Aside from this, NATO, in fact, was established as an organization of the nation-states called as the Supreme Headquarters of the Allied Powers in Europe (SHAPE), founded by the countries of the North Atlantic Treaty, was not liable to any supranational political or legislative body however the stationing of national forces under an international command was an exceptional move in the delegation of executive duty (Price, 1955, p. 353). This was exemplifying how military security was essential for the Europeans well as the economic recovery in preventing the Soviet expansion into Europe.

So the American response to that, after a lot of arm twisting from Paris and London, was to create NATO in 1949. In fact, the State Department called NATO a military ERP, European Recovery Plan. And it was an essential component in the Marshall Plan. And I don't believe that the Marshall Plan would have succeeded without those credible security guarantees. ('The Marshall Plan: Dawn of the Cold War', 2018)

Another significant development in the military sphere other than NATO was the EDC. On October 24, 1950, René Pleven suggested the next crucial step, that is to say, the formation of a unified European army under a particular ministry, which envisaged a more far-reaching integration via a federalized political mechanism in comparison to NATO (Price, 1955, p. 353). As a smart move on the side of the French to counterbalance the US, the French fear as a result of the US decision to rearm Germany was a pushing

factor on the creation of the EDC. With the mutual security assurances between the EDC and NATO, a stable Europe would be a region for the US private sector could function in the continent, which would lead to further economic integration in the continent. The EDC could have been a critical breakthrough on the long track towards European integration, nevertheless, the letdown to ratify its agreement by the French Parliament in 1954 led to this further defense integration dead at birth but set the stage for another way out for the rearmament of Germany: the Western European Union (WEU), as a sub-cluster of NATO (Ari, 2004, p. 83). But it is important to note that since the EDC was intertwined with the Marshall Plan, it acted as a US foreign policy instrument as well.

The advice-giving structures of NATO had a positive spill-over effect in the broader political domain, allowing it to merge hard and soft power (Brown, 2011, p. 283-284). By way of assuming new functions and creating an atmosphere of stability that facilitated the magnetism effect towards the formation of the ECSC and EEC later. It did not wage wars during the worst times of the Cold War even if it was projecting power itself as a security alliance because it aimed to avoid conflicts bringing democratization in the continent.

4.3.3. Council of Europe

It was the clear objective of the Marshall Plan to establish a joint organization for European countries with a common stand. In the political domain, the Council of Europe was the most advanced effort during the Marshall Plan era headed for a general intra-European organ (Price, 1955, p. 354). It was founded in order to prevent a return to totalitarian regimes, thereby protecting peace and democracy in the region while embracing the common European heritage.

The five Brussels Treaty countries invited Ireland, Italy, Denmark, Norway, and Sweden to be present at the Conference on the establishment of a Council of Europe in London from 3 to 5 May 1949, entering into force on 3 August 1949 (“The Origins of the Council of Europe,” n.d.). The Council of Europe politically pioneered the process of European integration by way of the life-blood pumped in by the Marshall Plan and later was shaped into the ECSC in 1951 and EEC in 1957.

The Council was made up of a committee of ministers, consisted of the foreign secretaries of the participating states and a consultative assembly (Price, 1955, p. 354). The Statute states that

The Council of Europe has been created after the Second World War in order to achieve a greater unity between its members for the purpose of safeguarding and realising the ideals and principles which are their common heritage and facilitating their economic and social progress. ('Statute of the Council of Europe,' n.d.)

Even though the objective and functioning of the organization were thus somewhat broad-spectrum, it was a convenient passage for further collaborations on the level of regional integration. It is important to note that it was still a merely consultative body in 1952 with no real powers of its own; however, its chambers were utilized as a forum for the discussion and elucidation of the Schuman Plan (Price, 1955, p. 354). In this respect, the Council of Europe, the ECSC, and EEC had different roles or goals. However, but it was apparent that they shared values for the initial foremost steps of integration as separate entities that implement complementary roles.

4.3.4. Success Breeds Success with the Domino Effect: Schuman Plan, ECSC, and EEC

Influenced by Monnet, the Schuman Plan of 1950 led to the formation of the ECSC in 1951, and apparently, Schuman aimed for much more than only coal and steel. The Schuman Plan was set up primarily on political rather than economic basis dissimilar to the OEEC, which functioned under the rule of unanimity and had no ability to enforce sanctions on member states or the Council of Europe, which had neither legislative, nor executive powers, the Schuman Plan included the creation of a supranational authority (Price, 1955, p. 352).

The synergy of the Six in one policy sector, coal and steel in this case, would bring about pressure for the integration under the authority of central institutions; hence, this would result in pressure for the integration of back near policy areas with a domino effect. Regardless of the spill-overs being the natural outcomes of integrating particular international policy areas, they produce the necessity for additional harmonization of

policies (Sangiovanni, 2005, p. 123). The ECSC would be linked to EEC with the function transferred, just like the loyalties of Europeans concentrating on novel institutions.

French Foreign Minister Schuman's strategy for merging European coal and steel industries under a supranational edifice was the new kind of authority designed within the Schuman Plan, which demanded a considerable transfer of national sovereignty as distinct from the OEEC and the Council of Europe (Price, 1955, p. 145). Therefore, this brand new step towards European integration was the peak point of the progression that could be explained with the spill-over effect. In some measure, the Schuman Plan proposal on May 9, 1950, leading to the creation of the ECSC, was also the outcome of US policy vis-à-vis Europe, focused as it was about the market integration and Franco-German reconciliation (Diebold, 1959, pp. 43-46). The main political purpose of the Schuman Plan was to eliminate one of the reasons for conflict between Germany and Western Europe, specifically France, by way of ensuring equal access to resources of the coal and iron in the member states (Price, 1955, p. 145). Therefore, internal markets of the European coal and steel industries would evolve into a single market in the region. The message was clear: "Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity." ('The Schuman Declaration,' 2017). The Marshall Plan's ideals made Europe closer to a common market. Moreover, the initial evaluation of the Schuman Plan in the ECA led to some questions; however, the ECA gave it moral support hoping to lend prompt support to a productive proposal built entirely on European initiative (Price, 1955, p. 352). Franco-German collaboration would soon turn to be an inspiration for the whole continent, after all.

As a result, members' trade in these commodities increased considerably in the 1950s. The plan was the first of a series of supranational European institutions that would be economic, political, and cultural in nature. A further crucial legacy of the Schuman Plan was France's acknowledgement of the Federal Republic of Germany as an equal partner and Germany's relinquishment of continental-wide ambitions. The new collaboration allowed Western Europe to leave the chaos of two world wars...(Holm, 2017, p. 159)

The common ground of the Marshall Plan and Schuman Plan was reliance on the Franco-German rapprochement would resolve the issues on the way to integration with a

key catharsis effect. On August 10, 1950, France, Germany, Belgium, Luxembourg, the Netherlands, and Italy reached agreement on the sphere and characteristics of the organization as well as all tariffs, quantitative restrictions, freight rates, and other barriers to a single market regarding coal and steel between the six countries that should be eliminated (Price 1955, p. 146). In a lesser scope, European economic integration would be at least the ultimate way to rapprochement between France and Germany. The structure suggested was fourfold with a High Authority, a Council of Ministers, a Common Assembly and a Court of Justice (Price, 1955, p. 146).

It is important to note that the vital function of Franco-German reconciliation was to spill-over as a framework already. It may be considered that the earlier European integration can be best explained by way of spill-over effects, but more than that, it was also based on the ideals of Monnet technically. What Monnet and Schuman believed was by way of economic integration, political integration would ultimately be achieved as a result of spill-over, hence this process of integration is often called as the Monnet method in some literature (Wehmeier, n.d.). This method and the Marshall Plan fit into an integration mechanism together. As it can be deduced from the earlier chapters, US willingness for the creation of a more united Europe was openly stated on the process of the Marshall Plan. It was a process evolved with the establishment of the OEEC and providing the need for physical security via NATO. Then, European leaders planned the birth of the ECSC and the EEC with the anticipation that economic integration would guarantee peace and prosperity in the European continent. This interlinked process was how new Europe would fit into a broader Atlantic context.

On April 12, 1951, the foreign ministers of the Six signed the treaty in Paris, encouraging economic expansion and improving the standard of living of the participating states via the formation of a single market (Price, 1955, p. 352). It could be foreseen that this process would function as part of the whole mechanism in a futuristic political notion. Regardless of the spill-overs being the natural outcomes of integrating particular international policy areas, they produce the necessity for additional harmonization of policies (Sangiovanni, 2005, p. 123). The response of the US for the progress was optimistic. In the Mutual Security Act of 1951, Congress supported the new

organization by way of approving the allocation of funds straight to the Coal and Steel Community (Price, 1955, p. 352). It was clear that the political implications of the coal and steel community weighed more than its economic aspect. After all, it was the cornerstone of supranationalism as a way to transfer the powers of the Six with the encouragement coming from the Marshall Plan via the decisions taken within the Congress. This was how the concrete steps taken for the political union in Europe by adjusting the levels of sovereignty towards a more peaceful Europe. That is to say, the US stance towards the creation of the ECSC was positive overall. The US was content with the French efforts and believed the Schuman Plan as the most important step on the road to peace and prosperity in Europe ever since the Marshall speech regarding the ERP (Hang, 2015, p. 103). With these generally positive terms, it would not be hard to predict that the ECSC had economic spill-over in technical terms leading to the creation of the EEC.

Succeeding the Treaty of Paris, signing the Treaty of Rome in 1957, establishing the EEC has been considered a vital point in the European integration process. The EEC built up a general common market containing a customs union founded on the common policies. Therefore, the EEC became the next planned project, further justifying neo-functionalists theorists. It was more than a common market for coal and steel, and it aimed to sustain peace in the continent with a closer union of European states.

The United States and European leaders highly hoped that the EEC would be much more than simply a customs union. Expectedly, it would be a vehicle that could provide the impetus for full integration in Europe. The EEC had to work out common policies for agriculture, transport, and foreign trade. Additionally, it had to bring into effect common economic, financial, monetary, and labor policies. In essence, the EEC was leading the road to both political and economic integration as its leaders put forth with particular vigor. (Hang, 2015, p. 105)

Even though the EEC created a customs union with a common external tariff, it also sought to enable the free movement of goods along with capital, services, and ultimately people (Dinan, 2008, p. 1125). The objectives of the two projects, that is to say, the ECSC and the EEC were similar with regard to aiming at increased stability, living standards, which would result in closer relations between the countries being part of it. This similarity led the way for spill-over for more outlining integration politically.

The Organisation for European Economic Co-operation at the level of intergovernmental contacts, the Council of Europe as an inter-parliamentary forum, the system of Scandinavian co-operation and the Western European Union as a mixture of the two, and the European Coal and Steel Community as a quasi-federal government in two economic sectors, provide landmarks in the process of substituting collective action for decisions by governments acting in isolation. It is time that these efforts be examined to judge if and how "political community" results from measures of "political integration." (Haas, 2004, p.4)

The EEC became the benchmark of the developmental phase within the integration process started with the Marshall Plan in Europe with the enhanced economic and political relations between European countries. The EEC depended profoundly upon the design of the ECSC with respect to its institutions, as Dinan (2008) points out the formation of an executive Commission, a parliamentary assembly with limited powers, a Council reflecting national interests throughout decision-making procedures, and also a Court of Justice (p. 1126). This situation means the EEC and the persistent impact of the ECSC moved the integration further than a mere Franco-German rapprochement. In summary, the Treaty of Paris and the Treaty of Rome leading to the creation of the ECSC and the EEC were solid indications of the initial tangible achievements of the European integration process leading to the development of European family in a broader sense.

CONCLUSION

The Marshall Plan acted as a catalyst for European integration after World War II from an origin that can be explained in the light of neo-realism and a progression that can be elucidated with a neo-functionalist viewpoint. In this respect, this thesis contributes to the understanding of the era with a hybrid theoretical interpretation, originating from a neo-realist perspective as an international relations theory and expanding into the regional integration formula of neo-functionalism. The plan's effects reached out beyond Germany-US alliance policies or a mere Franco-German rapprochement. How it acted as an accelerator in the European economic and political integration in the post-World War II years, namely between 1945 and 1958, can be suitably explained by the theoretical contribution of spill-over effects of transatlantic cooperation.

It can be asserted that the beginning of the European integration in the post-World War II context can be explained with neo-realism. As envisaged by neo-realists, the uncertainty of each state brings about interdependence in the international system. Also, the more a state is powerful, the less probable it is that other states will attack in this environment. Accordingly, hegemonic threats should be counter-balanced in such an atmosphere. The balance of power is also what binds the interests in that environment. Ethical realism, as a feeder of the neo-realist perception in the background of the Marshall Plan, which meant taking the responsibility to initiate the change, can be found in the motives of the plan as it aimed to take action for the reconstruction of the European continent.

After the abandonment of the isolationist policies, the US depended on its actions on global responsibilities. Responsibility as a tenet of ethical realism, explains this understanding of the non-isolationism of the containment policy and the Marshall Plan. Therefore, the US started to have a say in European affairs. This responsibility came out from the vulnerable situation of the UK and France to have the leadership in Europe. The possible domination of the Soviet Union meant that the loss of economic control of the US in the continent. It was threatening for the US to watch the weaknesses of certain regions such as Central Europe and the Balkans with the ideological expansion of the Soviet Union. Hence, The Truman Doctrine became the grand strategy of the Marshall

Plan for the US to involve actively in the political events in post-World War II Europe. Because of the connection between the Truman Doctrine and Marshall Plan, these two were the “two halves of the same walnut” with Truman’s account (Waites, 1993, p. 130). The Truman Doctrine was provided as a theoretical insight of the West and the Marshall Plan was putting this into practice. As the American strategic interests were under the threat of Soviet power, it was critical to handle its interests for the US in the hemisphere with the potential securitization of the democracy with the Truman Doctrine. Containment acted as the main rehearsal ground of the Marshall Plan since it was a security solution that aimed to balance power strategically. In the state-centric model of American foreign policy, the two rational actors, the US, and the Soviet Union ended up choosing strategies to maximize benefits and minimize their losses. In relation to that, domino theory would prevail as a geopolitical policy, considering the perception that if the US allowed a country to fall to communism, all the others would pursue the communist bandwagon.

Furthermore, defensive neo-realism may help us explain the intentions behind the Marshall Plan as it correlates with the US maximizing its own security with economic measures in its ideological hemisphere without the actual use of weapons. The US had gathered ideologically rational allies that would be a barrier against the Soviet expansion. While it was altruistically supporting the European states with the Marshall Plan, this rational interventionism helped to build a metaphorical billboard of American ideology in the post-World War II order. With this aim, there were organizations such as the OEEC, IMF, and World Bank included in the mentoring process. The selective delivery pattern of the aid recipients based on their sides during World War II except for West Germany is a result of the US being a rational actor to maintain the balance of power in the European continent by way of channeling its hegemony through its allies. This later helped the recipient states to transfer their loyalties supranationally. The ECA and MSA functioned as a transfer tool in this process, which signified the passage between economic might to a military one, as the latter put additional emphasis on security.

Among the recipients of the Marshall Plan, the role of West Germany can be considered as unique. There had been a German problem at the center of the issues

revolving around the European integration; therefore, the reconciliation of the problem was prominent and necessary. The political inclusion of West Germany into the western industrial system became the first step taken in this respect. The Marshall Plan exactly did the opposite of the Morgenthau Plan, because it was triggering disintegration in the European continent with the pastoralization of Germany, which was not rational. German industrial capacity was turned into an advantage, which created a causal link for the European integration.

While the US was channeling its hegemony through the Marshall Plan, the Soviet Union tried the same with its own Molotov Plan in 1949. This Marshall Plan vs. Molotov Plan situation, that is to say, metaphorical bipolar power distribution of the era, also can be seen in the response of the Soviet Union to the OEEC with the Comecon and again the same response to the NATO with the Warsaw Pact. This distrust between the two superpowers culminated in a security dilemma, which reflected itself as a motivation for creating policies and strategies. The ultimate intention of mutually established organizations was based on the security dilemma stemming from the distrust against the other party.

Regarding the metaphor of bandwagoning, the UK and France chose their side, that is to say, the US, during the Paris meeting, because it was economically powerful. This situation is an example of “wave-of-the-future bandwagoning”, which is about pursuing the dynamic ideologies or mighty charismatic leaders (Schweller, 1994, p. 96). This magnetism also exemplifies how bandwagoning states act rationally for their survival.

Marshall Plan functioned as an indirect self-help instrument in the European continent against the Soviet threat, which was a result of the fact that the US gave the breaks to the Europeans. Fundamentally, Marshall Plan is the exact opposite of self-help logic. However, it helped the European states to initiate their self-help mechanism in a roundabout way. In this respect, the counter-part fund system can be regarded as the key self-help tool, which turned the ERP Special Fund into a revolving fund, especially to reinvigorate the German economy. Germany became a prominent example of counter-part fund based self-help since it made use of the fund even decades later. The Technical

Assistance Program was another example of how self-help worked with the Marshall Plan via expertise transfer. Even though the US was self-interest oriented, the anarchic international system pushed it to favor self-help in a different form, a rational way of investing in the interests of the European states.

It can be stated that the progression the European integration can be explained with neo-functionalism in the early post-World War II context. As an integration theory, neo-functionalism proposes a model to achieve a political community at the end of the integration process, thereby forming a bond between economic and political integration with the latter coming out automatically (Özen, 1998). The European integration process initiated with the engine effect of the Marshall Plan is a group-based one driven by interests. Economic and political integration cannot be considered differently in the post-World War II era since there is no typical distinction between economy and politics as in the neo-functionalism. The economic integration force of the Marshall Plan is also a part of a political one in the European continent, which makes them inseparable in this aspect. What happened with the Marshall Plan was a transition from economic integration to a political one.

When it comes to the common ground of the two theories in the thesis contributing to a hybrid interpretation, it can be claimed that both neo-realism and neo-functionalism are pragmatic. This can be best understood with the survival concept of neo-realism and the beneficial aspect of neo-functionalism. In the case of neo-functionalism, this happens with the realization of common goals and interests, even though the focal point is regional, not international. Hence, it may be argued that the post-World War II integration process was a matter of survival for the European states to thrive economically with a guard against the common threat, namely the Soviet Union, with the necessity of supplying the balance of power in the region. European states would choose to adhere to subnational demands, or they would feel they were compelled to do so, such as domestic communist threats or the magnetism of economic cooperation, which would result in spill-over. Moreover, the close connection between the strategies of the founders of the EU and neo-functionalism is also clear from the similarity of their focus. For instance, neo-functionalism parallels with Jean Monnet's approach to European integration strived

for integrating sectors to achieve spill-over effects. Moreover, neo-functionalism requires a sense of commitment in the process, which is resulted from common policies being in harmony with the expectations of the political actors. This is also in connection with the fact that neo-functionalism takes integration as a process in the continuum but not a mere end.

According to the neo-functionalist mindset, it is not possible to separate power and prosperity. Nevertheless, some sectors may have more spill-over potential in comparison to others. This is related to the focus on low politics with a direct effect on the lives of the people. The success of the ECSC against EDC can be given as an example, which failed quickly (Haas, 2004). EDC was about survival and power maximization, but at that time, low politics were rational on the progression of European integration.

Concerning the contribution of the Marshall Plan to the European economic and political integration through a neo-functionalist lens, the spill-over effect helps to explain the developmental process in the post-World War II years with transatlantic cooperation. The plan triggered a stabilization process stemming from a self-productivity, which produced a causal link of a spill-over in different sectors. This situation is centered upon the German-American cooperation linked to the resolution of stigmatized Germany after long years. As the lubricant of the integration, the Marshall Plan generated spill-over effect by way of improving the commitments of the European states with neo-functionalist peace while including Germany into the engine. German recovery led to a geographical spill-over as it became the locomotive of the European continent.

As a consequence of the transatlantic balance of power that came with the Marshall Plan, prosperity and political integration was the prize since the international relations could not be seen as a zero-sum game. This was also linked to the fact that power and prosperity are inseparable according to the neo-functionalist perspective. A new international order was inspired by the Marshall Plan while the European countries were re-exploring their identities to create systems to transfer their national sovereignty. European political actors shifted their loyalties towards supranational institutions with the political courage that came with the Marshall Plan. For example, the courage that came with the Monnet Plan in France, which was assisted by the Marshall Plan on the basis,

proved that without France there would be no Europe or vice versa. The mighty Franco-German axis with the resolution of the Ruhr problem and economically empowered with the Marshall Plan had a snowball effect with a dynamic geographical spill-over. As Çakır (2009) stated:

If the law of symmetry is at work in the EU, the Franco-German relationship is its most likely outcome. The image of “opposing poles” finds its expression in phrases such as “the Franco-German duo/tandem/motor/engine.” This Gestalt symmetry is so “strong”. (p. 331)

Hence, the unity in the European continent grew bigger and bigger than the Six with a bipolar symmetry. Intra-European cooperation started with the establishment of the OEEC, which built the groundwork for the EPU. On a side note, technically, OEEC was the child of the CEEC. Similar to this linkage, one regional organization was proceeding, and another was being shaped with different purposes. This was how the European integration advanced until the EEC and ECSC with an evolutionary spill-over effect fed by regional developments.

The progression starting with the OEEC and the Marshall Plan was a proof that European integration was a process but not an ultimate goal to reach at the very end. The foundation of the OEEC also contributed to the Schuman Plan and the formation of NATO. As for NATO, as an integral part of the Euro-Atlantic alliance, it allowed France to transfer loyalty from the UK to Germany when the European continent needed a security guarantor like the US. The Marshall Plan functioned as an indirect subsidy for the rearmament in Europe. Also, the foundation of the WEU cannot be considered separately from NATO. What was binding them in their objective was to persuade the US to support the defense and security of Europe. Even if the EDC was a failure, in the end, it was associated with the Marshall Plan because it functioned as a US foreign policy tool. NATO had a spill-over effect into a wider political realm by way of promoting stability which had an impact on the creation of the ECSC and the EEC.

The Council of Europe, ECSC, and EEC had diverse roles; however, they were complementary to each other concerning their functioning to take the initial political steps in the post-World War II era. The Schuman Plan took the integration one step further with the creation of a supranational authority, and it was the consequence of US policy vis-à-

vis Europe. The commonality of the Marshall Plan and Schuman Plan was their support for the Franco-German rapprochement that would resolve the concerns on the way to integration. Economic integration started with the ECSC can be given as an example of functional spill-over (Rosamond, 2000, p. 60). Political integration would be achieved with the economic integration in the European continent as a part of the Monnet method. This whole process evolved with the creation of the OEEC, then with the physical security supplied by NATO, and later at the peak point with the ECSC and the EEC. This interwoven process was the ultimate framework of a new Europe that would fit into a wider Atlantic context by way of guaranteeing peace and prosperity.

Taking all these above-mentioned results into account, the thesis fills the void in the existing literature, which is about the Marshall Plan and the theoretical explanations. The studies conducted before with regard to the non-economic or non-technical aspects of the Marshall Plan is quite limited. Therefore, the thesis has an immense role to enlighten the readers with an offbeat outlook regarding this issue. Additionally, the thesis makes use of its own theoretical explanations about the Marshall Plan, which is almost non-existent in the literature. While doing so, the thesis merges neo-realism and neo-functionalism in a courageous and hybrid way to analyze how the Marshall Plan affected European integration. One can daringly suggest that the thesis may open up new ideas for further academic studies and deeper analysis on the link between the Marshall Plan and European integration enhanced with a dual theoretical understanding.

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