Why hasn't the Marshall Plan worked?

The principle of the Marshall Plan is that dollars will be provided as a free gift for Britain while policies are pursued that will restore the financial independence of the British community. For a brief period last winter it looked as if it might be working. But it is now apparent that this was an illusion. — *"1952 is now," an article in the London* Economist, *July 2, 1949.*

Why isn't the idea behind the Marshall Plan workable? What is required to solve the problems it is not solving? Is there any assurance that what has failed thus far will succeed, if continued under the label "ERP" or "Point Four" or "Arms for Europe"?

You will find answers to these questions in Henry Hazlitt's book, **Will Dollars Save the World?** Written only a few months after the famous plan was proposed, **Will Dollars Save the World?** predicted the major difficulties which the European Recovery Program has encountered. It foresaw and explained the crisis in which Britain now finds herself. And it offered a constructive, common-sense solution to the problem — a program as valid today as it was two years ago.

Every taxpayer, housewife, businessman, student, and government official will be interested in Hazlitt's answers in **Will Dollars Save the World?**

How accurately Mr. Hazlitt predicted today's so-called "dollar problem" may be seen by taking a look at the record —

HAZLITT **1947**

Add to this an untold number of economic prohibitions, and the requirement of a special license for almost every economic act, and it is hardly surprising that incentives should be non-existent, that labor and materials should be misdirected, that nothing should be synchronized with anything else, and that production should be utterly demoralized.

THE PRESS **1949**

By the Swiss-Italian trade agreement of October 15, 1947, all trade is now done on a "reciprocity" basis. Each deal involves four parties: one Swiss importer, one Italian exporter, one Italian importer, one Swiss exporter. Each of these four must want to buy or sell goods to exactly the same amount at the same time. This way of doing business is extremely complicated, slow and costly. — *Dispatch from Switzerland in* The New York Times, *July 11, 1949.*

The inescapable test of t

Will Dollars Save the World? These

has borne out the predictions made by

HAZLITT **1947**

It will be a profound mistake to count on gratitude or to believe that we are purchasing any permanent good will by government loans and gifts to Europe.

THE PRESS **1949**

Jennie Lee, wife of Health Minister Aneurin Bevan, charged the Conservatives with trying to create an impression among Americans that Britain was in trouble because she was a Welfare state . . . . An effort should be made, she said, to get across to the American people that "our interests do not conflict" and that it would be possible to get along with deepening friendship and trade "if they could only control the greedier and more socially irresponsible elements in their own capitalist society."

"If it is not," she added, "no proud nation, certainly not this one, can go on indefinitely being lectured to by America and having all our plans interfered with because of a completely capricious society." — *Dispatch from London in* The New York Times, *July 15, 1949.*

HAZLITT **1947**

It is grimly ironic that many of the same people who now tell us that we must pour our money and goods into Europe because European revival is essential to our own, are the very people who have been the most insistent on the policies that make and keep Germany an economic vacuum. The first key to the revival of Europe, and to the reduction of the strain on the resources of the United States, is the economic revival of Germany.

THE PRESS **1949**

In its issue of June 11, the famous London *Economist* admitted sadly that "British exports overseas have only increased by the percentage of Germany's loss." In other words, dismantling of German industry has brought no net gain to Britain. The elimination of a competitor has been offset by the destruction of a customer. — *Felix Morley, in* Pathfinder, *July 13, 1949.*

me *is daily proving the soundness of* excerpts show how the news of 1949 Henry Hazlitt in 1947.

HAZLITT **1947**

Help from outside to any country goes eventually to relieve the *least* urgent needs which the government of that country then decides to meet . . . .

This principle is recognized quickly enough when dealing with individuals. If you make a loan to a family that keeps a car for pleasure, nothing is gained by the assurance that the particular dollars you have loaned have gone only to buy food, and that the automobile was bought and run with the family's own earnings . . . . you would know that your loan was being used *in effect* to keep the car — because the family would otherwise have to give up the car and use its own earnings for the food.

THE PRESS **1949**

Announced in February, 1947, the plan called for the British Government to finance and develop 107 peanut farms of 30,000 acres apiece in its African colonies . . . .

What has happened in the peanut paradise was best summed up last week by the *London Daily Mail,* when it thundered editorially: "The Government have achieved 1/24 of their original plan at double the cost. Everything that could go wrong in East Africa has gone wrong; they forgot the tractors and the transport; they forgot to test the soil, the rainfall and the nature of the local bush . . . ."

The U. S. taxpayer, through the Marshall Plan, is indirectly helping to finance this British Socialist flopperoo and many another present or to come.-Daily News *(New York) March 21, 1949.*

HAZLITT **1947**

When a currency is overvalued (to consider the harmful effects of merely one governmental control) it produces a *chronic* surplus of imports over exports. The overvaluation of a nation's currency makes imports cheaper than they would otherwise be in terms of that currency. This naturally encourages people in that nation to increase their purchases of imports. The overvaluation of the currency tends, on the other hand, to make the prices of that nation's exports high in terms of other currencies. This discourages other countries from buying.

THE PRESS **1949**

The cost of British goods in foreign markets is increased even more because the Socialist government of Britain maintains the legal fiction that the pound is worth $4.03. At that rate of exchange, the cost of British goods in foreign lands becomes even higher, and foreign countries look elsewhere for their needs. For instance, Italy today, much as she needs goods, still has 25 million unexpended pounds sterling available, but she does not want to spend this money in Britain. Her officials have intimated that they can do better on price elsewhere. — *"British Crisis," article in* New York World-Telegram, *July 18, 1949.*

Hazlitt's **Will Dollars Save the World?** has withstood the test of time. This suggests its usefulness in answer to one of the critical problems of today. A few moments reading will renew and sharpen your perspective on this vast experiment in inter-governmentalism.

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