AMERICAN AID TO GREECE: THE MARSHALL PLAN AS A MODEL FOR DEVELOPMENT

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Abstract In response to a growing acknowledgement of the failure of international aid, one school of scholars has identified a lack of aid as the defining crisis in development. From their perspective, aid has failed in driving change not due to inherent flaws, but because developed nations have failed to give enough. This school points to the American Marshall Plan in Europe, which provided an enormous fund to the reconstruction and development of Europe's shattered post-war economies, as the crowning achievement of international aid and a historical model for future endeavors. Surprisingly, few works have approached the Marshall Plan from a development perspective and even fewer analyze the Plan outside of Western Europe, whose states had relatively stable pre-war economic systems. This paper seeks to fill the gap in the scholarly literature by providing an analysis of the effects of American aid to an economy both shattered by the war and underdeveloped before it. This study concludes that, by reinforcing counterproductive economic regimes, protracting a violent political conflict through political conditions attached to aid, and limiting rather than expanding trading options, U.S. aid actually did more harm than good to Greece's economic development.

Introduction: The Marshall Plan as a Development Program

Faced with the realities of delivering effective development aid, major personalities in and outside of the development field have joined voices in a rousing chorus calling for a modern Marshall Plan as a panacea for the ills that plague their respective aid projects (Chollet and Goldgeier 2005, 7). The Marshall Plan is largely regarded as one of the few unqualified successes of development aid, a remarkable humanitarian achievement in which the United States helped Western Europe to rise from the rubble of the Second World War. The Marshall Plan, according to the common consensus, both revitalized European growth and saved Western Europe from Communist domination (Chollet and Goldgeier 2005, 7). As a result, numerous personalities in the aid community have developed an awed nostalgia for the Marshall Plan, which they view as the epitome of a successful foreign aid program (Zachariou 2009, 303).

Perceptions of the Marshall Plan, at least in the West, have been generally positive. Americans use the Marshall Plan to highlight the tradition of alliance and friendship between Europe and the United States (Chollet and Goldgeier 2005, 10). In the U.S. and in most recipient countries, most historians view the Plan as an accelerator of European reconstruction; the Marshall Plan did not resurrect Europe singlehandedly, but it did hurry along Europe's resurgence (Wexler 1983, 254). In countries with successful pre-war economies, such as Germany and Britain, this appears to be the case.

Yet these nations are hardly examples of the underperforming, chronically struggling economies that make up most modern aid recipients. The Marshall Plan in Germany or Britain may provide a blueprint for the successful reconstruction of economic powerhouses, but it cannot be used as a guideline for economic intervention in languishing countries.

Yet the Marshall Plan extended beyond Europe's three strongest pre-war economies. While the Plan should not be described as a development program in Europe's economic core, it could be approached from a development angle in the continent's periphery. Greece makes for a timely example of the Marshall Plan as a development program. Unlike Western Europe, which had a strong economic foundation from before the war, Greece had one of the poorest per-capita economies in Europe (Wittner 1982, 190), a labor force still primarily engaged in the agricultural sector (Candilis 1968, 1), severe economic inequality (Athanase 1959, 23), abysmal electricity and road systems (Warren 1998, 87), and a legacy of dependency on Europe's great powers (Kofas 1989, 13). In many ways, Greece when the first round of American aid began in 1948 resembles modern aid recipients.

In Greece, the legacy of American aid left a very different impression than in Western Europe. Instead of departing with amity and leaving behind booming growth, as American technocrats did in England and Germany, the American Mission of Aid to Greece (AMAG), left Greece in a state of mutual frustration and with mostly stalled or cancelled projects (Munkman 1958, 98). In fact, the Greek case exhibits many of the same problems that plague modern aid projects, from an idealistic mission staff eager to implement a one-size-fits all agenda (Warren 1998, 76), corruption and poor governance from the home government (Vetsopoulos 2009, 275), and a conflict of priorities that ultimately placed politics over development for both the donor and recipient governments (Wittner 1982, 185).

Moreover, development aid in Greece fell victim to Cold War themes that reduced the country to a proxy battlefield between Communist and American influences, undermining development efforts by polarizing a fragile body politic to eliminate the possibility of healthy compromise (Zachariou 2009, 303) and directing most remaining development money to strategic rather than humanitarian or economic concerns (Candalis 1968, 52). Simultaneously, however, Greece's perceived strategic importance to American interests motivated the U.S. to send aid (Bland 1998, 50). Thus, Greece's political salience both justified and undermined development aid. American policymakers viewed Greece as the first battleground of East and West, leading them to invest heavily in Greek "development" aid which the conservative and at times rightist Athenian government readily accepted, believing its aims to be aligned with American interests (Wittner 1982, xi). Nevertheless, the failure of American aid to sufficiently impact Greek development led to frustration and resentment from Greek elites and the population as a whole (Munkman 1958, 98).

Methods

This study aimed to determine the effectiveness of the Marshall Plan as a development model. In order to do so, Greece was selected as a case study because it was a country that received American aid through the Marshall Plan with a low level of economic productivity before the Second World War (Vetsopoulos 2009, 275). Greece thus presents an example of the Marshall Plan as a true development program seeking to facilitate the creation of new growth, rather than a reconstruction program meant to reinstate pre-war growth patterns. Furthermore, Greece in the postwar era, with its

history of destruction, imperialistic domination, internal polarization, and economic inequality loosely resembles modern aid recipients, making it a relevant case to examine the effects of aid

The Marshall Plan in Greece is closely tied to aid the United States began sending through the Truman Doctrine in 1947. This study does not differentiate between aid received through the European Recovery Program (ERP, as the Marshall Plan is formally known) and this previous funding. The Truman Doctrine and ERP ultimately had similar military objectives and proportions of aid devoted to military aid; furthermore, Truman Doctrine bureaucrats with AMAG remained in their positions for the Marshall Plan, carrying over the same political convictions, methods, and results. Thus, it is impossible to disentangle the results of the two programs. However, due to their significant similarities, this does not alter the results of the study or its validity as an evaluation of the Marshall Plan as a model for modern development aid.

For the purposes of this study, development was defined as an increase in productivity of the economy as a whole accompanied by an increase in the standard of living. The success of the independent variable, American aid to Greece, was then evaluated based upon results in two dependent variables. First, success in the economic sphere was measured by changes in productivity in the short run from 1947 to 1952, but more importantly in the ability of the Plan to establish the foundations for future growth after the duration of the development mission, and catalyze a widespread increase in the standard of living of Greek citizens. Second, the political effects of aid were measured by the creation of political institutions conducive to further development. These variables can be articulated in the primary hypothesis tested by this study: that the American development program failed to achieve its ambitious economic objectives as a result of its inability to reform the structure of the Greek economy, and it failed in developing political institutions that would support future growth by polarizing the government, thereby prolonging civil war and destroying any potential opposition to the conservatives in power. This hypothesis matches most closely the revisionist view described in the historiography section, though this study was more generous in acknowledging positive effects of the aid mission than most revisionist literature.

Historiography

Views of the American aid mission to Greece range from complete success, often with a focus on the U.S. success in keeping Greece outside the Communist bloc and on the long term economic benefits, to complete failure emphasizing the period during and immediately after the implementation of aid. In the 1960s, a wave of Greek scholars lamented what they viewed as an American failure to provide lasting reforms to the Greek economy, criticizing the mission for its focus on large, visible aid projects. In hindsight, these criticisms generally appear more a reaction to continued economic weakness in Greece rather than any actual harm caused by the Marshall Plan (Delivanis, 1967, 333). Building on this argument, revisionist scholars, including Jon Kofas, who wrote by far the most comprehensive work on the Marshall Plan in Greece available in English, argued that the aid program was not only an economic disappointment, but also an unqualified catastrophe that perpetuated a civil war that could otherwise have been resolved peacefully. These two schools often appear to fall into bias and criticize every aspect of the aid program rather than targeting specific flaws, sacrificing an objective view of the Plan for a general critique of American aid.

In response to both of these groups, another set of scholars has defined the Marshall Plan as an economic and political success that set the economic foundations for Greek growth following the end of the civil war. These scholars reject the claim that the civil war could have been resolved without a violent, American-funded response. Instead, they assert that American aid was crucial to bringing the war to a close and making some progress on infrastructure creation to spur future growth. In some cases, these authors suffer the opposite problem as revisionist scholars: they view the Plan as a clear success, and reassert its success despite any economic failures.

Between these two extremes, a number of scholars have taken more qualified positions. Some emphasize the mission's political success, ensuring Greek partnership with "the West" (Zachariou, 2009, 314). Still others have viewed the mission as economically successful in revitalizing the Greek economy, but hinted that the Marshall Plan may have set the political foundations for the military coup of 1967 by reinforcing the conservative right and destroying its socialist and communist opposition (Botsiou, 2009, 231). Discussion of the ERP in Greece has thus historically provoked a wide array of responses, varying both in emphasizing the economic or political aspects and in the degree to which the United States achieved success in both.

Historical Analysis

From its independence through the Second World War, Greece could be described as "an agrarian, merchant economy with modest resources and immodest aspirations" (Kakridis 2009, 243) that neglected the development of the former and depended on outside support to attain the latter. In this period, Greece was widely viewed as an inherently poor country that could only achieve economic viability through agrarianism, commerce, and emigration (Kakridis 2009, 243); in other words, Greece was expected to remain permanently poor. Following a coup that instated an authoritarian regime, Greece quickly succumbed to German invasion during World War II, though significant leftist and rightist forces continued to mount resistance during the occupation.

The Second World War provides the immediate prelude to the American aid mission. The war resulted in a massive, widespread, and often systematic dismantling and destruction of the Greek economy and society. By 1945, 6.2 percent of the entire population had perished (Candilis 1968, 19). Furthermore, every sector of the economy had been decimated, with output in industrial production down to 36 percent of the pre-war level and agricultural production at 54 percent (Kofas 1989, 8). The German occupation also exacerbated Greece's monetary problems. In order to avert monetary collapse, the military government flooded Greece with gold sovereigns, expanding on the groundwork for the Greeks' over-reliance on the sovereign as currency in times of post-war instability (Kofas 1989, 11).

After the war's end, England took control of the Greek rehabilitation mission. Under the London Agreement, the United Kingdom supplied Greece with a 10 million pound loan, forgiveness for the debt accrued from 1940-1941 during Greece's involvement in the war, a package of consumer goods and other equipment, and development advice. In exchange, the English gained significant control over Greece's monetary and trade policy, with the 10 million pound loan and an additional 15 million pounds from the Bank of Greece placed under British control (Vetsopoulos 2009, 279). Essentially, the Greek government surrendered its right to control its trade and central bank for a weak loan and a handful of immediate benefits. Although the deal was successful in keeping both the price of gold and

of the drachma relatively stable, it led to a significant decline in the gold and foreign exchange reserves of the Bank of Greece as Greeks hoarded alternative currencies in anticipation of a monetary collapse (Candilis 1968, 32).

The humanitarian counterpart to the London Agreement's economic aid came in the UN Relief and Rehabilitation Agency (UNRRA), which sought to alleviate Greece's desperate humanitarian position and construct a base for future development (Vetsopoulos 2009, 280). The UNRRA ran into familiar development problems in Greece. First, the mountainous north of the country had fallen under the control of Communists hostile to the Western aid mission, meaning that the UNRRA could not work effectively in the areas in which its help was most required (Kofas 1989, 14). Secondly, the agency's goods flooded the Greek market, leading the price level of humanitarian goods to plummet; as a result, "the industrialists cut back on production and stockpiled goods, and the merchants resorted to hoarding. Moreover, the farmers preferred to sell their products in the black market, which offered higher prices than the government-regulated market. The black market thrived, therefore, and undermined the legitimate economy," (Kofas 1989, 23). UNRRA goods fell victim to corruption, as the agency chose to channel products through the Greek government, which favored elite contacts in Athens for the ultimate distribution of aid materials. Thus, much of the UNRRA's aid failed to reach its intended targets, and instead lined the pockets of Athenian profiteers. The Truman administration, which witnessed the relative ineffectiveness of UNRRA aid in the face of Communist insurgency, pledged to take a different approach (Kofas 1989, 23).

The promulgation of the Truman Doctrine in 1947 marked the transfer of control over the Greek aid mission from Britain to the United States (Kofas 1989, 56). The UK, which was in the process of dealing with the destruction of its own territory, could no longer afford to prop up the Greek state, which was rapidly dissolving into civil war with Communist insurgents financially supported by Yugoslavia (Kaloudis 2006, 36). Truman, who desired to limit Soviet influence and viewed Communism as a political monolith (Kennan 1947), viewed Greece as vital to containing Russian influence (Jones 1998, 37) just as the British had done in the previous century (Kofas 1989, vii). Under the Truman Doctrine, the United States established AMAG, and delivered a total of $400 million, mostly in the form of military aid, to Greece (Jones 1998, 26). Accompanying this aid, hundreds of advisers arrived in Greece tasked with overseeing the distribution and implementation of aid. This mission would cooperate with the American embassy until the end of the Marshall Plan to ensure that their economic and political objectives could be achieved.

Although the Marshall Plan signified a rhetorical shift in priorities from military to economic aid, in actuality the Plan represented a continuation of the same sort of aid policy. Although the ERP did bring in significant funding for infrastructure construction, the United States maintained its focus on military aid. It attempted to strengthen the Greek military from the threat of internal Communism and, after the outbreak of the Korean War, against the Soviet Union (Munkman 1958, 17). As a result, about a quarter of all Marshall Plan funds were allotted exclusively to the military (Kofas 1989, 102). In addition, ERP money went disproportionately to infrastructure projects with primarily military purposes, including transportation and communication (Kofas 1989, 102).

The Marshall Plan ran until 1952, when ERP funds came to an abrupt end. American aid would continue to flow into Greece, still mostly directed towards military purposes (Munkman 1958, 17). Notably, these funds were no longer part of the Marshall Plan's development mission. This

differentiated them from both the ERP and the Truman Doctrine, which at least nominally focused on economic aid The departure of AMAG bureaucrats in 1952 thus marked the end of the American development mission to Greece.

Results of Analysis

Political Effects

The American development mission in Greece entailed a combination of political influence, military aid, development aid, and economic advice. Ultimately, politics motivated all five facets of the mission. The Truman administration based its decision to launch aid to Greece, both in the Truman Doctrine and Marshall Plan, on a firm conviction that the Soviet Union had to be contained and that Stalin would not place limits on his ambitious expansionism (Kennan 1947). In reality, the Russian Premier had already acknowledged that Greece belonged into the Western zone of influence; therefore, when Greek Communists asked Moscow for support, they were told to take a legalistic approach and expect no help from Russia if they chose to turn to violence (Kofas 1989, 140). As promised, when the Greek Communist Party (KKE) resorted to civil war in 1946, they received economic and military support from the Communist government of Yugoslavia, but not the Soviet Union (Jeffery 2000, 177). Thus, Truman's premise that Greeks were a "free peoples… resisting attempted subjugation by armed minorities or by outside pressures," (Truman 1947) simply was not accurate. Instead of a Russian-sponsored minority fighting to overthrow the government, the Greek Communists were a popular party with only limited external support.

Nevertheless, the perception that Greece was in imminent danger of falling into the Russian sphere of influence dominated the Truman administration. Additionally, the presidents' advisors placed Greece, alongside Turkey and Iran, into the "Northern Tier," a region considered strategically important for its proximity to the USSR and as a buffer region to the Middle East's oil fields (Kofas 1989, 61). An early conception of the Domino Theory pervaded the administration's thinking in its approach to Greece; it was crucial to hold Greece not only in order to deter further Soviet aggression in other states, but also because the rest of the "Northern Tier" would fall to the Communism if Greece collapsed (Bland 1998, 51). These concerns motivated the deployment of aid and advisors to Greece and dictated the use of aid as a political tool. Aid money to Greece was not intended primarily to instigate development, but to ensure that a pro-American, vehemently anti-Communist government maintained power in Greece.

The politicization of aid for anti-Communist purposes began under the English mission immediately after the war. In 1944, the English distributed aid only in areas under control by the central government, excluding regions controlled by the KKE, successfully crippling the Communists for several years (Kofas 1989, 14). In 1945, rightists began a "White Terror" against Greek Communists with implicit Anglo-American support (Kofas 1989, 40). This violence undermined the KKE's efforts to act within a legal framework and drove the party away from compromise and legalism. The result: full-scale civil war in 1946.

When the U.S. inherited the English mission in 1946, it reaffirmed its support for conservative and rightist forces as a bastion against Communism (Kofas 1989, 94). The United States went to great lengths to deny the Communists any role in government, at one point, actively debating supporting the

installation of a government that would be "more authoritarian" than the rightists already in power (Wittner 1982, 121). Furthermore, the U.S. persistently used the threat of aid withdrawal to dictate policy to Athens. During the election of 1952, for example, the American ambassador stated that the flow of aid would end if the results were not acceptable to the United States (Zachariou 2009, 312). Most importantly, the U.S. rejected a peace deal offered by the KKE in 1947 (Botsiou 2009, 218). At that point, the KKE had come to realize that they would not be able to persist as a political force outside of the system as a result of the Soviet Union's refusal to extend aid and the insufficiency of funds coming from their cross-border allies (Botsiou 2009, 312). Instead, the KKE wanted to end the civil war and transition back into the political mainstream. By rejecting the peace offering, the United States forced the KKE to remain in political exile and continue in their violent efforts to gain control. By refusing to compromise with the Communists even when offered peace and promoting an unequivocally anti-left attitude, the United States unnecessarily prolonged the civil war, brought unconditional support to an ineffective but repressively anti-Communist government in Athens, and prevented any viable opposition to a government badly in need of compromise.

The American mission's anti-Communist stance further harmed the Greek economy by dictating a trade policy that deliberately excluded Greece's natural trading partners, its northern, Communist neighbors (Kofas 1989, 111). This decision withheld from Greece some of the major benefits that the Marshall Plan brought to Western European countries, where the U.S. provided loans to countries specifically for the purpose of intra-European trade in an effort to facilitate European economic integration (Wexler 1983, 252). By preventing Greece from trading with its neighbors and because Greece lacked goods desired on the Western European market, the U.S. denied Greece the opportunity to use these funds effectively and attain the tremendous benefits of expanded free trade that aided industrialized Western European states.

The Americans' priority of containing Communism also explains the disproportionate share of aid that the Greek military received through the American development mission. Of the $1,149.8 billion of US aid to Greece from April 1948 to June 1955, $3,740 billion, or 22.7 percent, was formally allocated to military aid (Greece, Statistical Data Book 1956, 45). With the support of this aid, Greece maintained the largest per-capita military budget of the ERP countries, despite having 4 percent of Norway's per-capita electricity consumption and 9 percent of Belgium and France's (Athanase 1959, 25). The Greek government argued that it required its massive military budget to defend against future Communist aggression, thereby using this budget in order to justify continued aid and American support.

These official allocations do not necessarily reflect the reality of Greek aid. For example, in 1947, Congress appropriated $300 million for military aid, with a planned breakdown of 50 percent for the military, 48.5 percent for the economy, and 1.5 percent for administration. Because of the diversion of aid, however, the actual allocations of aid to Greece were 57.7 percent for the military and only 41 percent for economic aid. Once this money reached the Greek government, even more of the aid formally allocated for economic purposes went to military and strategic projects (Candilis 1968, 48). The Greek government favored infrastructure projects with a degree of military utility, including roads, railroads, and communications networks. Unfortunately, this prioritization of military objectives over humanitarian or long-term development, in addition to the constant reallocation of aid from economic to military purposes on every level of the process, translated into an enormous diversion of American

aid from development to the military (Wittner 1982, 188).

After the end of the civil war in 1949, the U.S. mission began to put more pressure on the Greek government to reform its use of aid money to favor development projects, reflecting the shift towards the more economically focused ERP. Unfortunately, the outbreak of the Korean War a year later revived American fears of expanding Communism and renewed the prioritization of a strong military against suspected Communist aggression (Botsiou 2009, 225). In reality, Greece had little to fear at that point in time from its Communist neighbors, and the end of the civil war had effectively destroyed the KKE as a viable political force, eliminating the need to focus on military projects (Zachariou 2009, 305). Nevertheless, the overstatement of the military for political purposes led to the persistent neglect of development goals.

Economic Effects

When aid money was used for development, AMAG ran into many of the same problems encountered by aid agencies today. Corrupt bureaucrats and poor coordination with the government created a nightmare of red tape and confused authority (Munkman 1958, 99). A review of the ERP in Greece led C.A. Munkman, a State Department observer of the implementation of the Plan tasked with explaining the outcome of the program in Greece to American taxpayers, to remark that, of all the aid earmarked for development, only 10 percent achieved its goals (Munkman 1958, 284). In his official review of the Marshall Plan in Greece, Munkman's litany of complaints reads like that of any modern aid worker: the yearly appropriation of aid meant that AMAG coordinators could only plan a year in advance for major infrastructure projects that demanded more time and commitment, a lack of deadlining ability resulting from poor communication with local officials in Greece and those allocating funds in Washington, a failure to take into account the full consequences of decisions made on every level of the process leading to wasteful or doomed projects, and poor staffing on the part of the Greek government (Munkman 1958, 99). Moreover, the abrupt termination of the flow of ERP funds in 1952 left numerous major projects incomplete (Munkman 1958, 78), and the withdrawal of AMAG bureaucrats charged with running their completed projects left completed infrastructure out of action as the Greek government failed to step in and take over control (Botsiou 2009, 219).

To characterize these complaints in brief, ERP aid suffered from an extreme disconnect between those funding the aid, "Planners" in William Easterly's development lingo (Easterly, 2006, 114), and those actually receiving that aid. ERP Planners in Washington, DC pushed through programs that appeared useful to experts studying the Greek economy but had no bearing to the reality on the ground. For example, the United States spent approximately $1 million to buy horses for Greece, to be used for agricultural purposes. While at face value the program may have been useful, most of the horses bought were too old to breed, and thus useless in the long term, and also often bred for racing and therefore useless in the field (Munkman, 1958, 193).

While aid workers developing infrastructure in Greece experienced frustration with this and other borderline quixotic projects, American officials in Athens confronted a corrupt bureaucracy and population unwilling to accept reforms. For example, attempts to balance the Greek budget by slashing the public budget prompted an immediate protest from public workers in Athens, forcing American bureaucrats to immediately roll back the cuts (Wittner, 1982, 174). Thus, those attempting to implement the American aid project faced frustrations very similar to those of modern aid workers

wedged between difficult bureaucracies and a population not necessarily willing to accept reforms.

That said, the Marshall Plan did achieve significant successes in stabilizing the country after a destructive war. The Greek road system was successfully rebuilt and expanded, revolutionizing domestic trade by expanding the range to which rural farmers could bring their goods (Warren 1998, 87). Furthermore, Marshall Plan funds paid for important clean-water projects both in rural areas and in major cities (Munkman 1958, 188). Perhaps more importantly, Marshall Planners used the last year of their mission to put into place a mechanism to track and counteract inflation in Greece intended to build confidence in the drachma and end the disastrous hyperinflation that rocked Greece after the war (Kofas 1989, 11). The "Inflationary/Deflationary Sheet" regulated "imports and exports, tax collections and disbursements, bank credit, and gold sovereigns sales" and tied the deployment of funds to monetary stability (Vetsopoulos 2009, 292). Along with devaluation in 1953 (Vetsopoulos 2009, 293), this effort achieved the miraculous and ended Greece's post-war hyperinflation, terminating an era of dependence on the gold sovereign as the favored unit of exchange and stabilizing the economy as a whole (Vetsopoulos 2009, 290).

However, instead of setting the foundations for future growth, this successful stabilization, restored Greece's prewar economic status quo, which included high levels of inequality institutionalized by a regressive tax structure (Wittner 1989, 175), chronic government deficit leading to and resulting from an over-reliance on foreign aid (Botsiou 2009, 225), and an overemphasis on military spending (Kofas 1989, 115). AMAG officials refused to address these three issues, preferring instead to focus on political stability and superficial elements of the Greek economy. This failure stemmed from the alliance of Athenian elites with the American mission (Wittner 1989, 173), which pulled the Greek government firmly into the Western camp but also allowed the government to continue neglecting inequality and debt that plagued the country (Kofas 1989, 113). By prioritizing the military and highly visible, but relatively limited infrastructure projects, the Marshall Plan failed to achieve its full potential in laying the groundwork for future growth. Thus, a large portion of Marshall Plan funds went to waste, while those targeted to low-upkeep infrastructure projects such as roads, communications, and sewage met more success.

Conclusion and Implications

In analyzing the results of the Marshall Plan in Greece, it is important to note that, in implementing the project, the Truman administration aimed primarily to win Greece for the West and deny the Soviet Union a chance to expand its influence into the Eastern Mediterranean (Jones 1998, 24). Thus, a failure of the development agenda did not necessarily constitute a failure of the project from the American perspective. In fact, the Truman Doctrine and Marshall Plan were highly successful in maintaining a pro-American government in Greece and all but eradicating Communism as a significant force in the country. However, as a development project rather than a political campaign, the American aid mission produced more mixed results.

On the positive side, American intervention helped to restore monetary stability to a country desperately in need of it. Considering the experimentation with different monetary policies on the part of Greek authorities in the pre- and post-war eras, it is plausible that American intervention significantly reduced the amount of time necessary for Greece to establish a degree of confidence in the drachma,

without which long-term growth would have faced severe impediment. Furthermore, development projects related to military goals no doubt aided long-term growth: building a more complete road network which connected isolated centers of KKE support, expanding clean water to rural areas to sway public opinion, and developing the communication system had both military and civilian purposes.

However, the prioritization of combating Communism over development created serious harm in the long term. By denying the KKE the opportunity to negotiate a ceasefire, the U.S. brought further destruction to Greece by lengthening a brutal civil war. Moreover, the conservative Greek government used American support to marginalize socialists who could have ended Greece's dramatic inequalities if they been allowed within the political system. Without an opposition, the conservatives running the Greek government were able to reestablish a corrupt government and a regressive tax system without question. The American aid mission, whose political intervention cannot be separated from the aid it provided, killed the possibility of compromise in the Greek system and set the stage for ineffective authoritarian governance.

In Greece, the American aid mission achieved ambiguous results. Ultimately, it is impossible to determine whether Greece would have been able to achieve its significant growth after the end of the Plan without the stability the mission provided from 1947-1952. However, this growth does not appear to have stemmed directly from Truman Doctrine or Marshall Plan funds, which were relatively ineffective as tools of development due to their conversion into military funds, wasteful projects, and loss to corruption. Thus, the large, visible infrastructure projects labeled with Marshall Plan slogans and logos for which the Plan is best remembered do not appear to have played a role in Greek development in the long term, especially since many were abandoned when the money stopped flowing in or abandoned by Greek authorities after the departure of the American officials running them (Botsiou 2009, 219).

Those who wish to use the Marshall Plan as a model for future development efforts would do well to remember the highly charged political context in which the Plan was created. The true legacy of the Plan, at least in Greece, is not economic development, but political allegiance. Although the Plan did achieve some successes in stabilizing the Greek economy and providing basic infrastructure, the political baggage it carried overwhelmed its benefits, especially when the ineffectiveness of most American aid is taken into account. The huge funds attached to the plan were only possible due to the convergence of anti-Communist motivations in the Truman administration and Greek elites, the former of whom were willing to provide massive amounts of money to contain Communism and the both of whom were willing to sacrifice democracy and development in order to maintain a hold on power.

The Greek example ultimately discourages the use of the Marshall Plan as a model. Massive infusions of aid money delivered through an ineffective government and allocated for mostly non-developmental purposes failed to encourage development in Greece just as it would today. Furthermore, the scale of the Plan comes across less positively when accounting for the failure of many of its large, visible projects as compared to the success of less interesting, but more important efforts that could have been achieved with significantly less funding. While there are positive examples to draw from the implementation of the Plan, such as the stabilizing of the drachma through the controlled release of development funds, the ERP as a whole was not able to deliver sufficiently impressive results in Greece to warrant the applause it receives as a development program. Instead, the Marshall Plan should be used as an example of the importance of targeted, intelligent aid that takes the context of the recipient

nation into account.

When formulating future research, this study would suggest two potential courses. First, more quantitative analysis of the Marshall Plan in Greece could provide a more detailed explanation on the areas in which the program found success, where it failed to stimulate the economy, and potentially on its long-term economic effects. Such an analysis would need to overcome significant obstacles in finding reliable data, especially considering Greece's questionable record in economic data keeping; however, it would add weight to the largely qualitative arguments provided by this paper. Second, it could be revealing to draw a direct comparison between the Greek development case and that of another country. This study views Greece as a case study of one development method - the application of politically qualified aid to a country engaged in internal conflict. By comparing the Greek case to that of another country, it could be possible to control for differences in the independent variable, the structure and application of the aid program, in accounting for differences in results. It may thus be possible to formulate more successful aid packages by comparing the variation in input and results between different aid programs. ¤

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