

A Coronavirus Marshall Plan Alone Won't Be Nearly Enough

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Senior figures across Europe, from the presidents of the European Council and the European Parliament to the prime minister of Spain and the head of the OECD have all called for a “Marshall Plan” to deal with the enormous human and economic costs of the coronavirus crisis.

The Marshall Plan has also been invoked in the American debate over a two trillion dollar stimulus and compensation package.

The symbolism is powerful.

But to give these references substance, leaders need to remember what the Marshall Plan really meant. It is about politics and strategy as much as it is about money.

Sure, it is about scale. The Marshall Plan—the European Recovery Plan of 1948-1951 provided some \$12bn (about \$130 billion in today's dollars, or €118bn) in American assistance to participating European countries.

Further amounts were allocated after 1951 through a succession of programs. These were substantial sums, and they played a critical role in Western Europe's post war reconstruction.

These numbers are dwarfed by prospective needs, and the needs are not just European or American, but global.

Are the resources of international financial institutions sufficient to fend off collapse across the developed north and the global south?

The apparently immense scale of the recovery needs in Europe after 1945 could be dwarfed by the economic consequences of the current crisis.

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The symbolism of the Marshall Plan can help mobilize health and economic resources at real scale.

But the Marshall Plan was, above all, a political project. The plan was not just about financial aid.

It was a strategic attempt to build a cohesive Europe in the face of communist pressure and Soviet aggression. The response to the coronavirus crisis has echoes of these post-war choices.

Will recovery be pursued on a national or cooperative basis? Will it strengthen the European project or contribute to its erosion?

The Marshall Plan was a conscious attempt to foster European cooperation and integration—in American interest.

Multilateral agreement was a requirement for the distribution of Marshall Plan assistance. The Plan was a conscious effort to leave behind the nationalist impulses that had driven Europe to catastrophe between 1914 and 1945.

Nation states now face a multi-faceted challenge that does not respect borders and cannot be managed by national responses alone.

It is a striking irony that this crisis comes at a moment when nationalism is on the rise and sovereignty is the order of the day.

This nation-first approach is the antithesis of what George C. Marshall and post-war European leaders had in mind.

Some of the leaders calling for a Marshall Plan-like response to the coronavirus crisis do have a concerted European Union approach in mind.

‘Rhetorical flourish’

But it is not just about the sources or the scale of the funding. It is about how the money is spent and, in particular, the extent to which it contributes to European cohesion and integration.

The dithering over appropriate financial mechanisms and the persistent northern European aversion to anything that would seem to subsidize southern European debt is all too reminiscent of the parsimonious approach to the eurozone crisis.

A Marshall Plan without European solidarity is a hollow rhetorical flourish.

Finally, the Marshall Plan was an explicitly transatlantic project. Since 1945, potentially existential threats to security have been addressed in the spirit of multilateral cooperation.

It has never been perfect.

But from the Cold War to 9/11, or the post-2008 financial collapse, American and European leaders recognized the imperative of international cooperation to manage international risks.

The steady erosion of this cooperative instinct has left governments and societies more vulnerable to global shocks. A genuine Marshall Plan-like response to the coronavirus crisis would also push back against the viruses of nationalism and unilateralism.

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