Nothing in Life is Free: Franco-American Economic Relations and American Investment in Postwar France (1945-1969)

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INTRODUCTION

The 1989 dissolution of the Soviet Union left the nations of Eastern Europe in a state of "economic limbo" as they embarked upon the arduous, protracted transition to a market economy. These geopolitical dynamics inspired discussion amongst Western economists, who wondered if the US might expedite this transition by acting as an economic benefactor to the Eastern Bloc. The US had already played such a role between 1948 and 1952, when, under the auspices of the Marshall Plan, sixteen Western European countries collectively received a total of $13 billion in aid for the purposes of postwar reconstruction. The generally agreed-upon success of the Marshall Plan later convinced certain economists that US financial support had the potential to resolve overseas economic calamities. In 1992 economic historians Barry Eichengreen and Marc Uzan tested this hypothesis by conducting one of the first quantitative studies on the long-term economic effects of the Marshall Plan. They found that US aid helped usher in a period of European economic super-growth—the Golden Age—not merely by financing postwar reconstruction but "by facilitating the restoration of financial stability and the liberalization of production and prices."[1] This language is reminiscent of that in a 1991 study by Eichengreen, where the author calls the Marshall Plan "history's most successful structural adjustment program."[2]

Here the economists point to an important feature of the Marshall Plan: more than a mere monetary handout, the Plan also involved extensive American involvement in the internal economic affairs of Western Europe. In the 1992 study, the authors include a section titled "the conditionality of aid," in which they dissect the many demands American officials made of the recipient nations in exchange for the disbursement of Marshall Plan funds.[3] The US urged the countries of Western Europe to take efforts toward currency stabilization and to begin creating more balanced national budgets. Marshall Plan administrators also called for increased cooperation amongst European nations, who had frequently engaged in economic protectionism in the years prior to and during the Second World War. In short, the Marshall Plan launched an era of extensive American involvement on the European continent.

Although all countries faced some level of American intervention, the French case offers an especially interesting medium for studying the long-term impact of the Marshall Plan. In France, the pushback against American involvement was acute, and the two nations rarely saw eye-to-eye. Eichengreen and Uzan capture this negotiation tug-of-war in a table that summarizes American demands and the relevant French response between 1948 and 1950. Though the French mostly complied with American expectations, they were also sometimes likely to ignore

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[1] The authors ultimately found that the situation in Eastern Europe differed substantially from that of postwar Europe and that if the US offered foreign aid to the former members of the USSR, this package would have to undergo significant revision and adaptation. Barry Eichengreen et al., "The Marshall Plan: Economic Effects and Implications for Eastern Europe and the Former USSR," *Economic Policy* 7, no. 14 (1992): 13, https://doi.org/10.2307/1344512.

[2] J. Bradford De Long and Barry Eichengreen, "The Marshall Plan: History's Most Successful Structural Adjustment Program," Working Paper, Working Paper Series 3899 (National Bureau of Economic Research, November 1, 1991), https://doi.org/10.3386/w3899.

[3] Eichengreen et al., "The Marshall Plan."

these requests entirely—as in the second quarter of 1948, when the Americans called upon the French government to eliminate its budget deficit, and the French took no action.[4] This episode raises two important questions that are applicable to the Marshall Plan era as a whole: 1) Why did the US make these—and other—demands of the French? and 2) How did these diplomatic tensions influence Franco-American relations in the postwar period?

Regarding the first question, this thesis studies the considerations that informed the development of the Marshall Plan, which served as a vehicle for increased American involvement in France and on the European continent, more generally. Historians mainly agree that the Plan arose as a defense against Communism and its growing influence in war-torn Europe.[5] However, this thesis posits that in making certain demands of its Western European allies, Marshall Plan administrators also concerned themselves with the long-term economic benefits to the American private sector resulting from European reconstruction. The inclusion of private sector veterans in the Plan's core development team all but ensured that pro-business policies would dictate the terms of American public "investment" in Western Europe.

After establishing the pro-business nature of the Marshall Plan, this thesis then engages with French thought vis-à-vis postwar American foreign aid, which came to inform the diplomatic relationship between the two nations. As the above example illustrates, the French did not adhere to American aid conditions without fail—in part because they believed that American economic hegemony threatened French national sovereignty. This study argues that Marshall Plan policies tended to taint French perceptions of American generosity, leading to the imposition of a stricter regulatory business environment for American foreign investors. Still, the

[4] Eichengreen et al., 46.
[5] Benn Steil, *The Marshall Plan: Dawn of the Cold War* (Oxford, UK: Oxford University Press, 2021), http://ebookcentral.proquest.com/lib/vand/detail.action?docID=5313249.

French did not reject *all* American private enterprise, and certain American companies did take advantage of improved economic conditions in Europe resulting from Marshall aid. One such company was Honeywell, a corporation specializing in the production of industrial and domestic control systems. A case study of Honeywell in France contextualizes the general findings of this thesis. If the Marshall Plan was, in part, a quest to create more favorable conditions for American business abroad, then the historiography requires an analysis of the Plan's repercussions in this arena. In other words, to what extent did the Marshall Plan succeed in encouraging and securing favorable terms for American foreign direct investment (FDI) in France? This question serves as a driving force in this new study of postwar Franco-American economic relations and their impact on the experience of American business in France. Through an analysis of government documents, corporate records, and scholarly research, this project utilizes an interdisciplinary, transnational approach that builds upon existing secondary literature.

Because the topic of this thesis exists at the intersection of diplomatic, economic, and business history, the relevant secondary literature itself spans numerous disciplines and subfields of research. Despite superficial variations, however, the historiography falls into three main categories. The first category of research approaches the question of the American "motives" at the foundation of the Marshall Plan. The second category tracks the evolution of anti-Americanism in postwar France. The third category explains how this anti-Americanism may have impacted the reception of American enterprise in France.

To begin, the dominant explanation for American involvement in Western European reconstruction places the Marshall Plan within the context of the Cold War. Richard T. Griffiths effectively synthesizes the various nuances of this historical thread. With the conclusion of the war, the threat of Communism loomed.[6] Conventional scholarly wisdom at the time reasoned that Communism was most likely to take hold in a nation struggling to combat social turmoil, disarray, and material deprivation. While all Western European countries faced this threat, the French postwar environment rendered the populace particularly susceptible to Communist ideas—not least because the Communist Party was a nonnegligible force in the French political landscape. From the American perspective, economic stability was a prerequisite to political stability. The Marshall Plan would revitalize the French economy while also providing a mechanism for transplanting the American model of productivity to Europe. Doing so would reduce class conflict and neutralize the Communist threat. Supporters of this narrative, Griffiths claims, also posit that in pursuing German rearmament and economic reconstruction, the Americans hoped to gather more strength for resisting a potential Soviet invasion.

Studying the political objectives of the Marshall Plan evidently produces an image of the geopolitical climate in the postwar period, yet the economic motivations are just as, if not more, significant. William Burr's discussion of American "economic imperialism" can formulate a framework for a consideration of these motives.[7] The politics of "empire" captures the extent to which the US sought to intervene and operate within the European economy. For one, the Americans were intent on preparing France and Western Europe for the global economy and a system of free trade. Inflation control was a fundamental element of the Plan's policy goals because a lack of economic stability at home had the potential to preclude full participation in world trade. However, Irwin Wall and Philippe-Etienne Raviart argue that the movement toward

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[6] Richard T. Griffiths, *Thank You M. Monnet: Essays on the History of European Integration* (Leiden, the Netherlands: Leiden University Press, 2007), http://ebookcentral.proquest.com/lib/vand/detail.action?docID=3327212.

[7] William Burr, "Marshall Planners and the Politics of Empire: The United States and French Financial Policy, 1948," *Diplomatic History* 15, no. 4 (October 1, 1991): 495–522, https://doi.org/10.1111/j.1467-7709.1991.tb00144.x.

free trade in Europe was not, strictly speaking, an American import.[8] Rather, the economic stagnation of the interwar period had already inspired the French and European communities to reject autarky and to transition toward a higher level of intra-European trade. Nevertheless, even if the Americans did not face a blatant ideological rejection of free trade, the conditions of Western Europe served as a hindrance to true economic openness. The French may have *wanted* to create a multilateral trade system, but they were in no position to actually do so. The Americans, on the other hand, had the proper tools and resources at their disposal to craft this new system and thereby enact their "economic imperialism." The US thus played an instrumental role in bringing about European unification, a trend that would also, as a secondary effect, come to benefit the American private sector.

A common theme in the above Marshall Plan literature centers around the political criticism against the US in this period. While European leaders were generally appreciative of American generosity, certain critics accused the US of utilizing the Plan as a mechanism for imposing hegemonic influence.[9] This dynamic can help to explain the growth of French anti-Americanism in the latter half of the twentieth century. In this vein, Sophie Meunier's work presents a typology of the seven anti-Americanisms that have dominated (and continue to dominate) French society.[10] Among these seven, three are particularly relevant for the purposes of this project: "sovereignist," legacy, and nostalgic. "Sovereignist" anti-Americanism is, as

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[8] Irwin M. Wall and Philippe-Etienne Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide," *Vingtième Siècle. Revue d'histoire*, no. 13 (1987): 45–62, https://doi.org/10.2307/3769901.
[9] Richard Kuisel, *Capitalism and the State in Modern France: Renovation and Economic Management in the Twentieth Century* (New York, NY: Cambridge University Press, 1981); Wall and Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide"; Gérard Bossuat, "Le poids de l'aide américaine sur la politique économique et financière de la France en 1948," *Relations internationales*, no. 37 (1984): 17–36.
[10] Liberal anti-Americanists criticize the US for failing to uphold its assumed democratic ideals; elitist anti-Americanists launch cultural criticisms against the US in order to "positively construct" the French national identity; social anti-Americanists take issue with American conceptions of what makes for a "good society"; finally, radical Muslim anti-Americanism originates from religious differences. Sophie Meunier, "Anti-Americanisms in France," *French Politics, Culture and Society* 23, no. 2 (June 22, 2005): 126–42.

Meunier describes, an iteration rooted in French bitterness over the nation's "loss of great power status." The antagonism that results arises from the belief that American hegemony threatens French national sovereignty. Legacy anti-Americanism encompasses the history of Franco-American diplomatic relations, focusing on the historical tensions, conflicts, and disagreements between the two nations. Finally, nostalgic anti-Americanism is a defensive response to contemporary trends toward globalization and modernization, processes in which the US has played a prominent role. While these and other anti-Americanisms appear in the discussion surrounding Marshall Plan politics, Meunier does not make specific mention of an "economic" anti-Americanism, which might help to explain the postwar animosity toward American business in France. In fact, French historian Jean Heffer rejects the possibility that there exists an economic basis for French anti-Americanism.[11] Heffer posits that anti-Americanism is, by definition, a negative predisposition toward the American lifestyle and *value* system. Because economics is a science of *interests*, it does not concern itself with foreign value systems. By reevaluating Franco-American economic relations in the postwar period, this thesis stands to challenge Heffer's argument.

The final category of the secondary literature establishes a relationship between anti-Americanism and the experience of American foreign direct investment (FDI) in France. Irwin Wall's work focuses primarily on the immediate postwar period—a time of "Coca-Colonization" and Hollywood's cultural imperialism.[12] Although this analysis portrays French animosity toward American products, the aversion is of a "political-psychological" nature, fixating on the

[11] Jean Heffer, "L'antiaméricanisme avait-il des bases économiques à l'époque gaullienne?," *Revue française d'études américaines*, no. 32 (1987): 319–26.
[12] Irwin M. Wall, *The United States and the Making of Postwar France, 1945-1954* (Cambridge, UK: Cambridge University Press, 1991); Wall and Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide."

cultural consequences of American business rather than the financial impact. Other works, such as Kuisel's *Seducing the French*, analyze the situation through a political-economic lens.[13] Here, Kuisel turns his attention to the 1960s, following de Gaulle's return to power and the creation of the Common Market. During this time, de Gaulle imposed restrictions on American investment as he sought to combat Washington's hegemony. Nevertheless, the President understood that the American influence in Europe was inevitable; he knew that if the Americans did not invest in France, they could just as easily find a more welcoming environment elsewhere in the Common Market. Thus, de Gaulle did not (and could not) fully exclude American investment. Indeed, Laureen Kuo posits that certain "small and medium-sized enterprises (SMEs)" in France actively pursued American investment in order to compensate for inadequate government financing under France's *état-banquier*.[14] Like Kuisel, however, Kuo begins her analysis after the inception of the European Economic Community (EEC) in 1957, which marks a significant turning point in this history.[15] While the Marshall Plan was itself instrumental in creating a foundation for the later formation of the EEC, this study, by including pre-EEC American FDI in France, can offer insights into the Franco-American business relationship and its linkages to Marshall aid.

As the above discussion shows, the history of Franco-American diplomatic relations is long, dense, complex, and often fraught with tension. As a result, historians often fail to reach a consensus on the specific characteristics of this political relationship. One of the principal objectives of this project is to draw connections between historical events and economic phenomena that are otherwise absent from the existing literature. To reiterate, how did American

[13] Richard Kuisel, *Seducing the French: The Dilemma of Americanization* (Berkeley: University of California Press, 1993).
[14] French authorities believed that postwar economic recovery necessitated governmental control over the nation's domestic financial resources. Therefore, the "state" acted as the country's principal "banker." Laureen Kuo, "Improving French Competitiveness through American Investment Following World War II," *Business History Review* 91, no. 1 (ed 2017): 129–55, https://doi.org/10.1017/S0007680517000605.
[15] Kuo.

economic intervention in the postwar period affect the trajectory of the French economy and the Franco-American relationship? What were the implications of this relationship for the interests of American investors in France? And, if private business interests were a motivator for the inception of the Marshall Plan, did the American government succeed in creating a favorable business environment for investment abroad? These overlapping issues require a study that engages international politics, economics, and private enterprise in tandem. In effect, this project teases out the often-neglected business history present within the diplomatic history. Such an approach clarifies the challenges and obstacles to American investment in France in the latter half of the twentieth century.

In service of this broader argument, Chapter One begins by establishing a tight connection between American enterprise and the conception of the Marshall Plan. The chapter tracks private sector discussions of American postwar foreign aid and its implications for the nation's long-term economic strength. Even among public servants, the importance of European reconstruction to the success of American business was virtually uncontested. As such, administrators devised certain elements of the Marshall Plan with their benefits to the American private sector in mind. Chapter Two then engages with French reactions to American policy choices and foreign relation initiatives. The French had much to say not only about American suggestions for the nation's internal economic management but also regarding American calls for European integration. These concerns reveal antagonistic feelings vis-à-vis American cultural and economic hegemony. Finally, Chapter Three considers the manifestations of French antipathy toward the US as it concerns American overseas investment. While the first two chapters will have analyzed the issue from the American and French perspectives, respectively, the third chapter considers both viewpoints in tandem. The Honeywell case study includes an assessment of the company's motivations and concerns when entering the French market in the midst of Marshall Plan administration. The French reaction to the company's entry will likewise receive attention.

In the final analysis, the Marshall Plan represents American capitalization on the opportunity to influence internal European affairs. The private sector benefit was not a secondary effect of diplomatic generosity; rather, the Plan's crafters were careful to implement pro-business policy initiatives from the very beginning. Their oftentimes transparent efforts inspired French antipathy, but in the end, no single country had the capacity to contain growing American influence in the global economy.

To support its findings, this thesis makes use of a myriad of sources. Much of this study's contribution lies in its simultaneous engagement with secondary sources that do not ordinarily appear side by side. For example, quantitative sources from the economics literature supplement qualitative studies of French economic history and the postwar Franco-American relationship. Business history sources also contextualize the interwar and postwar ideologies of the American business elite, whose input was instrumental in the development of pro-business Marshall Plan policies.

Even as this thesis engages with multiple fields of secondary literature, a unique combination of primary sources will likewise ground the following study. Oral history interviews from the *Harry S. Truman Oral Histories Collection* provide accounts by private sector veterans who held top positions at the administrative agencies responsible for the crafting of the Marshall Plan.[16] US government documents and diplomatic correspondence point to the main

[16] W. Averell Harriman, Oral History Interview with W. Averell Harriman, interview by Richard D. McKinzie and Theodore A. Wilson, 1971, Harry S. Truman Oral Histories Collection; W. Averell Harriman, Harry B. Price Interviews: Dinner and Evening Discussion with W. Averell Harriman, interview by Harry B. Price, October 1, 1952; Paul G. Hoffman, European Recovery Program Interview with Paul G. Hoffman, interview by Philip C.

considerations that underlay American discussions of the French postwar economy.[17] Newspaper articles serve as the basis for the rhetorical analysis of the second chapter, which provides an assessment of French perceptions regarding American foreign aid. Articles from *Le Monde*, *Le Populaire*, and other popular French news sources aim to provide a well-rounded and representative survey of French public commentary on the Marshall Plan.[18] Finally, the case study of the third chapter relies upon internal memos and documents from the Honeywell Corporate Records at the Minnesota Historical Society.[19] These sources portray the experience of Honeywell-France in the direct aftermath of Marshall Plan implementation and in the decades that followed. Moreover, *The Case Study of IBM in France*, a publication under the sponsorship of the National Planning Association, serves as a comparative example that can help to contextualize the findings of the Honeywell case study.[20]

All in all, the above sources inform the ultimate findings of this thesis: though the Marshall Plan arose as a defense against Communism, it also became a mechanism for allowing the American investor to tap into the European marketplace.

Brooks, October 25, 1964; Robert Marjolin, Oral History Interview with Robert Marjolin, interview by Theodore A. Wilson, July 2, 1971, Harry S. Truman Oral Histories Collection; Robert Marjolin, European Recovery Program Interview with Robert Marjolin, interview by Philip C. Brooks, May 30, 1964, Harry S. Truman Oral Histories Collection.

[17] "Concern of the United States with Political and Economic Developments Relating to France," Foreign Relations of the United States, 1948, Western Europe, Volume III, accessed June 12, 2022, https://history.state.gov/historicaldocuments/frus1948v03/ch8?start=1.

[18] United States, Economic Cooperation Administration, Special Mission to France, *La presse française et le Plan Marshall* (Paris: Mission spéciale en France de l'E.C.A., 1949).

[19] "Honeywell Inc. Corporate Records" (Minneapolis, Minnesota, n.d.), Minnesota Historical Society.

[20] Boyd France, *The Case Study of IBM in France*, United States Business Performance Abroad 10 (National Planning Association, 1961), https://babel.hathitrust.org/cgi/pt?id=uc1.31210002488854&view=1up&seq=1&skin=2021.

CHAPTER ONE: THE MARSHALL PLAN AND AMERICAN PRIVATE BUSINESS INTERESTS

On May 6, 1946, at a meeting of the National Advisory Council, William Clayton (1880-1966), the Undersecretary of State for Economic Affairs, proposed a generous US government loan to France in the amount of $650 million.[1] Such a proposal was not without precedent. In the immediate postwar period, foreign aid negotiations between French and American diplomatic officials were rather commonplace. With France and its economy partly in ruins, requests for foreign assistance were warranted, especially given that the US had earned a reputation as a frequent creditor to Western Europe. However, as a representative of the US government, Undersecretary Clayton demonstrated a unique sense of urgency. Upon further investigation, the reason for this concern becomes clearer: the rampant political instability in France—though characteristic of the postwar period in Europe—had reached a turning point. In the approaching elections, significant Communist gains seemed likely, and Clayton felt that the US ought to intervene in order to contain the Communist threat.[2]

[1] Wall and Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide."
[2] Kuisel, *Capitalism and the State in Modern France*.

Ultimately, Clayton's proposal received significant pushback from some US officials, including Marriner Eccles (1890-1977), President of the Federal Reserve Board, who worried that the loan might give the appearance of an American attempt to "buy" a foreign election.[3] Other Marshall Plan countries, such as Italy, likewise faced political pressure from the US during this time. However, the French were generally more resistant to American intervention.[4] Eccles worried that the Council's clear ulterior motives could antagonize French voters, who would then retaliate against pro-American political parties in the upcoming election.[5] Diplomatic tensions aside, this event demonstrates the extent to which US diplomatic officials feared the onset of Communism in Western Europe.

The idea of "containing the Communist threat" through the use of foreign aid programs was one that came to dominate American discussions of economic foreign policy in the aftermath of the Second World War. By the time the Marshall Plan first began to take form in 1947, Western European political instability was one of the leading foreign policy issues of the time. In a 1948 Congressional hearing on the European Cooperation Administration (ECA)—the American government agency responsible for administering the Plan—senators made frequent mention of US efforts to "bolster democratic government" through the European Recovery Program (ERP)—i.e., the Marshall Plan.[6] In other US government documents, mentions of the specifically *French* Communist threat are similarly abundant. For example, in a 1947 telegrammed report on the political and economic situation in France, US Ambassador Jefferson Caffery (1886-1974) alerted the US Secretary of State, George Marshall (1880-1959), to the

[3] Wall and Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide."
[4] The differences between American intervention in France as compared to Italy will receive more attention in Chapter Two.
[5] Steil, *The Marshall Plan*; Wall, *The United States and the Making of Postwar France, 1945-1954*.
[6] "Eightieth Congress. Second Session on the European Cooperation Administration" (Washington, DC: United States Government Printing Office, 1948), https://catalog.hathitrust.org/Record/100843642.

population's general discontent, poor living conditions, and dissatisfaction with the French government.[7] These circumstances had, as Caffery wrote, created an opening for an increase in Communist influence and power. Through the proper use and allocation of American dollars, the ECA was committed to combatting this rising power.

Despite the preponderance of the Communist issue, to characterize the Marshall Plan as a mere mechanism for defeating Communism is to offer an incomplete analysis of this foreign aid package. Admittedly, the secondary literature typically does recognize that the Marshall Plan had a relatively broad scope. While Americans expressed alarm about the rise of Communism, it was not the sole concern of the period, and historians do not attempt to characterize it as such. Still, this narrative does seem to hold a privileged position in the literature, often at the expense of alternative analytical frameworks for the Marshall Plan.[8] One such framework, which is the focus of this chapter, posits that while the Plan originated as a defense against Communism, it soon grew into a mechanism for securing the growth of American private enterprise abroad.

The argument in this chapter proceeds in three sections. The first section outlines the role of the American business elite in crafting and implementing the Marshall Plan. For example, the Plan's core development team consisted of private sector veterans who represented the interests of American enterprise. The next section then dissects American diplomatic discussions surrounding the postwar economy in France. American government officials clearly feared the rise of Communism in France, but they also identified other key faults in the economic system that were likely to hinder American visions for free world trade. In keeping these faults in mind, the next section considers the specific policy initiatives that worked to lay the groundwork for

[7] "Document 442. The Ambassador in France (Caffery) to the Deputy Director of the Office of European Affairs (Hickerson)," March 6, 1947, Foreign Relations of the United States (FRUS), 1947, The British Commonwealth; Europe, Volume III, https://history.state.gov/historicaldocuments/frus1947v03/d442.
[8] Steil, *The Marshall Plan*.

American business abroad. Finally, the remaining pages of this chapter introduce the immediate and long-term impact of Marshall aid in France, mainly outlining the repercussions of diplomatic tensions in the Franco-American relationship. These tensions (and their consequences for American business in France) are the focal point of the second chapter in this thesis.

I. The "Voice" of Business in the Marshall Plan

The development of the Marshall Plan saw extensive interaction between representatives of the public and private sectors. Members of the business elite recognized the potential of the Plan in shaping long-term private sector activities in overseas markets. While some individuals observed and commented from a distance, other prominent businessmen played a significant role in shaping the structure of the Plan itself. Such a level of private sector involvement became a noticeable fixture of American postwar economic policymaking even before the Marshall Plan had begun to take form.

Historian Karl Schriftgiesser has outlined the work of the New York-based Committee for Economic Development (CED), a nonprofit and nonpartisan public policy think tank that held a "highly respected position as the mouthpiece of business intelligence" throughout much of the twentieth century.[9] One of the founding members of the CED was Paul Hoffman (1891-1974), an individual who would come to occupy a decisive position in the Marshall Plan's administrative infrastructure. In the early 1940s, when he first began laying the groundwork for the CED, Hoffman's main claim to fame was his role as the President of the Studebaker Auto Company. According to Hoffman's vision, the CED was to serve as a meeting ground for the nation's most influential businessmen and professional economists. The need for such an

[9] Karl Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and Its Impact Upon the Economic Policies of the United States, 1942-1960* (New York, Harper, 1960), vii.

organization became especially clear in the context of wartime: though government war orders drove short-term demand, individuals such as Hoffman understood the importance of engaging in postwar planning. The economic slump of the interwar years still lived in recent memory, and the private sector did not wish to relive this experience. With this goal in mind, Hoffman served as the Committee's first chairman, calling for American businesses to fully identify the markets that would remain active in the aftermath of the war. By identifying these markets, private sector leaders could make the necessary investments to secure long-term profit growth.

When American economic policy "went international" in the postwar era, the CED took immediate notice. The first significant American intervention in the postwar world economy occurred through the Bretton Woods Conference, when, in 1944, representatives from forty-four states joined together to conceptualize postwar global finances. Of all nations present, the US offered the largest financial contributions to the new International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD)—the organizational products of these discussions. The nations in attendance had agreed to create the Fund as a mechanism for ensuring stable currency exchange. Using their own domestic currency, individual nations could purchase foreign monies from the Fund whenever necessary. As for the IBRD, this new financial institution would support long-term economic development by extending loans to nations undergoing reconstruction projects. During a time in which many private banks were generally hesitant to extend loans, the IBRD filled a necessary financial role. The CED, though usually in favor of American demonstrations of "international decency," nevertheless recognized the legitimate concerns of American bankers who expressed discontent with the results of the Bretton Woods Conference.[10] These bankers feared that countries would soon begin to abuse

[10] Schriftgiesser, 121.

their privileges at the Fund, withdrawing a quantity of foreign currency ultimately amounting to a stabilization loan. Offering such loans infringed on the duties of the IBRD, however, which the Conference participants had envisioned as the sole postwar international creditor. Amidst the disagreement between government officials and bankers, the CED proposed a solution: the IBRD would offer stabilization loans in addition to its more concentrated project-based loans. Schriftgiesser posits that this early postwar intervention served as a precursor to the CED's involvement in the early stages of the ERP.

In the case of the Marshall Plan, the CED again worked to mend relations between two opposing groups—Democrats and Republicans—and again with an eye to the private sector impact of American foreign aid to Europe. After Secretary Marshall's 1947 Harvard Speech, which served as the basis for the Marshall Plan, President Harry Truman (1884-1972) formed the President's Committee on Foreign Aid, a group that, under the direction of ex-banker W. Averell Harriman (1891-1986), would come to produce the report "European Recovery and American Aid."[11] Truman created the committee at the behest of Republican Senator Arthur H. Vandenberg (1884-1951), who was instrumental in facilitating bipartisan agreements between a Republican Congress and the Democratic Truman administration.[12] According to Schriftgiesser, "Relief, rehabilitation, and restoration of trade were the administration's major preoccupations, but only on relief could it expect cooperation from the Republican Congress."[13] In other words, while Republicans understood the necessity of fulfilling Europe's immediate postwar needs, they were less inclined to support a long-term rehabilitation program and a prolonged drain on the

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[11] Harriman, Oral History Interview with W. Averell Harriman.
[12] Steil, *The Marshall Plan*; Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and Its Impact Upon the Economic Policies of the United States, 1942-1960*.
[13] Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and Its Impact Upon the Economic Policies of the United States, 1942-1960*, 126.

nation's tax revenue. Schriftgiesser argues that Republicans acquiesced on the question of relief because they, along with the Democrats, recognized the significance of "Britain's withdrawal" from the world stage.[14] The nation's economic fragility left a "vacuum" in the world order that only the United States or the Soviet Union could fill.[15] Even if the two parties could not reach an agreement regarding the nation's long-term economic stake in Western Europe, they at least recognized the danger in allowing the continent to fall under Communist influence. Recognition of this political danger, however, did not convince Republicans of the need for recovery and rehabilitation. Here, the expertise and research capacity of the CED played a pivotal role in gathering widespread private sector support for the Marshall Plan.

Of the nineteen members forming the President's Committee on Foreign Aid (Harriman Committee), "nine were businessmen and five of these nine…were trustees of CED."[16] The CED influence, which prioritized productivity and technological progress for the attainment of long-term economic growth, was especially instrumental in giving the Plan a more rehabilitative nature. The CED also worked independently to produce its own Policy Statement, in which it offered an analysis of the Harriman Committee report and its proposals. Schriftgiesser even noted that the Committee "received support from the research group which had been set up within CED itself."[17] The final CED Policy Statement commented on the importance of encouraging the proliferation of "free enterprise" in Europe—though it did caution against undue, heavy-handed American intervention.[18] Future CED groups also worked to address disagreements between Republicans and Democrats regarding the proper administration of the

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[14] Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and Its Impact Upon the Economic Policies of the United States, 1942-1960*.
[15] This argument also appears in Steil's work, *The Marshall Plan: Dawn of the Cold War*.
[16] Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and Its Impact Upon the Economic Policies of the United States, 1942-1960*, 127.
[17] Schriftgiesser, 129.
[18] Schriftgiesser, 129.

Marshall Plan. To ensure the Plan's successful passage by a Republican Congress, the CED proposed the creation of a new administrative agency whose director exemplified Republican values yet who would answer directly to the President (a Democrat). Such a level of involvement demonstrates that the CED's members felt they had a vested interest in the success of the Marshall Plan. This proposal also ensured that the voice of business would retain a prominent position throughout the course of the Plan's active life.

Here Schriftgiesser's analysis ends, but the historian's singular focus on the CED calls for a reevaluation of the events leading up to the 1948 passing of the Economic Cooperation Act, which wrote the Marshall Plan into existence. Regarding the Harriman Committee, for example, Schriftgiesser offers sparse biographical information on the group's namesake, who did not have a direct connection to the CED. However, a look into Harriman's past reveals that his private sector experience was comparable to that of the CED trustees on his committee. In a 1971 oral history interview, Harriman recalled that at the time of his appointment to the Committee, he was "still considered more of a businessman than a politician."[19] During the interwar period, Harriman had lived in Paris, working as a banker at his own firm and serving as a member of the Board of Directors of the International Chamber of Commerce. Harriman credits his experience in banking with demonstrating to him that "the more prosperous Europe became, the more business there would be in the United States" (likely in reference to the European market for American exports).[20] A similar sentiment had also appeared in a 1947 *Business Week* article—published shortly after Secretary Marshall's Harvard speech—in which the magazine called upon "business" to "'convince Congress that Marshall Plan aid is a matter of industrial health, not

[19] Harriman, Oral History Interview with W. Averell Harriman.
[20] Harriman, 8.

politics.'"[21] Harriman noted that though his committee included members of Congress, it also consisted of other "private citizens drawn from industry, commerce, banking, [and] finance" who could thus represent the interests of the private sector.[22] In this way, the group could respond appropriately to the magazine's legitimate business concerns.

The positive findings of the Harriman Committee contributed to widespread congressional support for the Marshall Plan, and as per CED recommendations, the Economic Cooperation Act resulted in the creation of new administrative agencies. The Economic Cooperation Administration (ECA) managed the European Recovery Program (ERP) from Washington, with ECA "missions" located in a number of European countries. The true representative agency for European interests, however, was the Organization for European Economic Cooperation (OEEC), with Robert Marjolin (1911-1986), a prominent French economist, serving as the agency's first Secretary-General from Paris. The OEEC was, in many ways, a mechanism for encouraging increased cooperation between individual European countries. The organization worked to ensure that Marshall aid collectively met the needs of all recipient nations. What is more of interest in the present discussion is an analysis of the leading voices in the negotiations and crafting of the Marshall Plan. When looking at the composition of the core development team on American soil, the presence of ex-businessmen and private sector veterans is clear. Even if these perspectives did not take center stage in the decision-making process, an ex-businessman is naturally likely to offer policy suggestions that differ from those of a career politician. For instance, the external, nonpartisan perspective of the CED had

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[21] Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and Its Impact Upon the Economic Policies of the United States, 1942-1960*, 127.
[22] Harriman, Oral History Interview with W. Averell Harriman, 25.

effectively balanced competing interests across party lines. The voice of business would continue to influence the Marshall Plan in its administrative stages.

The appointment of Paul Hoffman as the main director of the ECA marked a decisive move by President Truman, who was dedicated to featuring the "voice" of private business in the Marshall Plan.[23] In a 1964 interview, Hoffman, the ex-Studebaker president and CED chairman, stated that he had initially declined Truman's offer, but the president forced his hand by announcing publicly that Hoffman had, in fact, accepted the post.[24] In his seminal work on the Marshall Plan, historian Benn Steil posits that Truman's insistence resulted from his discussions with Republican Senator Vandenberg.[25] Just as he had pushed for the creation of the Harriman Committee, Vandenberg counseled Truman to select Hoffman, whose business background was more in-line with the interests of the Republican Party at the time. The Party favored lower taxes for its constituents, who were not initially convinced that European recovery should hold a prominent position in the American postwar political agenda. Hoffman's business acumen and financial prudence assuaged the Party's reservations. Therefore, as Steil argues, Truman's decision to appoint Hoffman may represent nothing more than the president's willingness to satisfy Republican demands in exchange for the smooth passage of the Marshall Plan. Still, the impetus for the inclusion of "business" in the administration of the Plan is of little importance. In the end, the man at the head of the ECA was a business veteran, and the forces that had secured his appointment were unapologetically pro-business. As Schriftgiesser notes, Hoffman brought with him "a long list of CED associates" who took on other jobs at the ECA.[26] This group would

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[23] Harry Bayard Price, *The Marshall Plan and Its Meaning* (Ithaca, NY: Cornell University Press, 1955), 71.
[24] Hoffman, European Recovery Program Interview with Paul G. Hoffman.
[25] Steil, *The Marshall Plan*.
[26] Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and Its Impact Upon the Economic Policies of the United States, 1942-1960*, 133.

soon roll out a list of policy initiatives that, more than addressing the Communist threat in Europe, would also benefit American private enterprise.

Within the ECA, CED associates represented the interests of the private sector as they related to the Marshall Plan. However, discussions regarding American foreign aid were no less common in external business circles whose members had no direct impact on the Plan's crafting. Contributors to *Foreign Commerce Weekly*, a periodical from the Department of Commerce (DOC), frequently referenced the postwar economies of Western Europe and the role of American dollars in helping to revitalize overseas markets. Months after Secretary Marshall's 1947 Harvard speech, the newsletter published a speech by Assistant Secretary of Commerce David Bruce (1898-1977) at the National Foreign Trade Convention in St. Louis, Missouri. In his speech, Assistant Secretary Bruce explained to his audience that "in a great financial panic, the soundest institutions must support the weaker; otherwise, all are likely to go down together in a vast catastrophe."[27] Specifically, Bruce feared that a European dollar shortage would deprive American enterprises of potential customers, and the continent's material deprivation would prevent the European nations from "supplying [the US] with materials [it] need[s] to support [its] high levels of production."[28] Certain enterprises (Honeywell included) could circumvent the former problem by manufacturing their products directly on European soil. The latter problem, however, required true European recovery and rehabilitation—in short, more than the mere relief that Congressional Republicans had initially desired. By framing the situation in economic terms, Assistant Secretary Bruce appealed to the business interests of his audience. His speech simultaneously worked to garner private sector support for the Marshall Plan while also

[27] David Bruce, "General Outlook for World Trade: Economic Stability Imperative," *Foreign Commerce Weekly* (Washington: U.S. Dept. of Commerce, October 20, 1947), 3, https://catalog.hathitrust.org/Record/000051417.
[28] David Bruce, 4.

highlighting the economic grounding of this foreign aid package. The Marshall Plan was not simply a defense against Communism; it also guaranteed the continued economic strength of the US and the flourishing of its private enterprises.

Admittedly, talk is cheap. Featuring the "voice" of the private sector does not guarantee that certain actions or policies benefitting this coalition will necessarily come to fruition. Nevertheless, even making an effort to create a prominent and influential post for the private sector veteran is an indication of a larger shift toward furthering the interests of American enterprise abroad. As existing literature shows, American corporations prior to the Second World War often feared the potential for increased competition should they engage in foreign commercial operations.[29] Therefore, these companies were typically hesitant to send their capital abroad. In the postwar period, elevating the voices of individuals sympathetic to the needs of private enterprise could play a role in shifting the rhetoric surrounding American foreign direct investment (FDI).

II. The Economic Climate in France

Given the looming threat of Communism, the political instability in France was clearly a cause for concern. However, the economic situation was equally dire and harmful to American business prospects. A lack of currency stability—in combination with high inflation—generated a level of uncertainty that discouraged American investors from entering the French market. The currency crisis, one that also afflicted several other Western European countries, received much attention in American diplomatic debates. When the conversational focus shifted exclusively to

[29] Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (Harvard University Press, 1974), http://hdl.handle.net/2027/heb.00844.

France, however, Americans had much to say about another notable aspect of the French economy: the trend toward postwar nationalizations.

During the aforementioned 1948 Senate hearing, several congressmen had questions regarding the nationalization of certain French industries in the immediate postwar period. For example, one senator asked ECA Administrator Paul Hoffman—an automobile industry expert—about the economic implications of French government ownership of the Renault automobile plant. In particular, he worried that the French government might place limitations on competition from privately-operated automobile plants.[30] Later in the hearing, French nationalizations again reentered the discussion—this time with a focus on the specific origins of this economic approach. Citing a State Department report, Chairman Bridges mentioned that the nationalizations were "on public interest grounds," with some occurring in response to (or as punishment for) wartime collaboration with German occupants—as was the case with Renault.[31] Some French citizens reacted to the nationalizations with public skepticism, unsure as to whether they would offer an effective remedy to the nation's "economic ills." Ultimately, however, the French public recognized the need for some type of recovery program, and nationalization offered a plausible solution insofar as it would facilitate French economic *dirigisme*.[32]

The (American) participants of the hearing were themselves unimpressed with the effects of these nationalizations, which did little to address the more foundational deficiencies in the French economy. Regarding the Renault plant, the French government "seem[ed] to have had more headaches from that project, than satisfaction."[33] Moreover, despite the potential

[30] "Eightieth Congress. Second Session on the European Cooperation Administration," 45.
[31] "Eightieth Congress. Second Session on the European Cooperation Administration," 78.
[32] *Dirigisme* refers to an economic policy package in which the state plays a large role in directing the nation's economy.
[33] "Eightieth Congress. Second Session on the European Cooperation Administration," 78.

inefficiencies in Renault's automobile production, regulatory limitations upon the production of passenger cars meant that privately owned companies such as Ford and Citroen could not adequately fill any gaps in the market. Again, the fact that conversations about the French automobile industry and state-ordained nationalizations would take center stage at a congressional hearing indicates that postwar foreign aid was not merely a response to a dire political situation.

Even prior to the 1948 Senate hearing, American officials were wary of French postwar nationalizations. In the spring of 1946, French socialist Léon Blum (1872-1950) travelled to the US in hopes of securing a sizable foreign aid package from Secretary of State James F. Byrnes (1882-1972).[34] Over the course of these negotiations, American representatives probed the French about their nationalization plans, which, they feared, had the capacity to "discourage American private investment and economic activity in France."[35] The French reacted defensively, asserting that they had already provided sufficient information on the topic and that they were open to welcoming American FDI in France. Blum, realizing that the Americans were dissatisfied with such evasiveness, received authorization from Georges Bidault (1899-1983), the acting chair of the French postwar provisional government, to issue a more comprehensive statement on nationalizations to the American public. On March 25, 1946, Blum spoke before the National Advisory Council in Washington, where he attempted to convince his audience that

[34] These discussions would eventually lead to the Blum-Byrnes Accord, which included the $650 million loan that Undersecretary Clayton had proposed before the National Advisory Council. The U.S. also agreed to liquidate $2.8 billion of debt that France had contracted during wartime Lend-Lease Agreements. These agreements had provided the French government with military aid and necessary raw materials on the basis of a long-term, low-interest loan. Kuisel, *Capitalism and the State in Modern France*; Wall and Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide."

[35] "À l'ouverture des négociations, les États-Unis voulurent, semble-t-il, soulever la question des nationalisations en mettant en avant leur souci de ne pas décourager, chez les Américains, l'investissement privé et l'activité économique en France." Wall and Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide," 54.

"the extent" of French nationalizations was "already very clearly determined and limited."[36] Moreover, Blum was of the mind that a nation could "conceivably…apply the principles of a directed or collective interior economy…while practicing, from the point of view of external transactions, an international political organization based on liberty and total equality."[37] Despite his best efforts, Blum's statements did little to alleviate American fears, which persisted in the following months.[38]

These fears persisted in part because Blum's reassurance seemed to contradict French economic realities. For example, even after the French received the agreed-upon $650 million loan, the nation's economy continued to exhibit signs of economic *dirigisme*. Days before Secretary Marshall's 1947 Harvard Speech, the *New York Times* published a statement by French Premier Paul Ramadier, who argued that a controlled economy was necessary in France for the foreseeable future.[39] Ramadier believed that a full-fledged *laissez-faire* system would only interfere with efforts to restabilize the French economy. As such, fundamental economic recovery was a prerequisite for free enterprise, and *dirigisme* became the seemingly uncontested status quo in France.

To be sure, France was not the only European country to engage in postwar nationalizations. In the UK, the Labour Party was partial to using nationalizations as a tool for "reviving output and lowering unemployment."[40] Marshall Plan administrators likewise viewed

[36] "C'est le sens des nationalisations qu'elle a décidées, et dont l'étendue est d'ailleurs dès à présent très nettement déterminée et limitée." Léon Blum, "Exposé fait le lundi 25 mars 1946, à Washington, devant le National Advisory Council," in *L'œuvre de Léon Blum (1945-1947)*, vol. 6 (Paris, France, 1958), 190.

[37] "Et à l'inverse, il est parfaitement concevable que des États appliquent à l'intérieur des principes d'économie dirigée ou d'économie collective…et qu'ils pratiquent…au point de vue des transactions extérieures, une politique d'organisation international fondée sur une liberté et une égalité entière." Blum, 189.

[38] Wall and Raviart, "Les accords Blum-Byrnes: La modernisation de la France et la guerre froide."

[39] Lansing Warren, "Ramadier Calls Planned Economy Essential to Recovery in France: Premier Says Return of Free Enterprise Must Await Restoration of Trade Balance—Sees Perils to Nation's Independence," *The New York Times*, May 19, 1947.

[40] Steil, *The Marshall Plan*.

these "schemes" with alarm. Economic historians Eichengreen and Uzan suggest that, while the British government ultimately proceeded with the nationalization of the steel industry, ECA officials successfully employed lobbying techniques in order to at least "delay" this "eventuality."[41] When compared to the situation in France, however, the British enjoyed a greater level of autonomy vis-à-vis American interventions. Eichengreen and Uzan posit that the UK benefitted from its "sufficiently secure"—or at least marginally superior—fiscal position, which rendered the nation less reliant upon the release of funds for "industrial investment."[42] The British took offense at the American attempt to designate the UK as "a mere spoke in a European wheel," with the US commanding the vehicle.[43] Thus, American officials generally came to accept their lesser capacity for influencing internal British affairs, oftentimes giving outside observers the impression that the British maintained a "special" relationship with the US. During the 1946 Blum-Byrnes negotiations, the French had themselves expressed contempt for the Anglo-American coalition, which had resulted in allegedly superior loan agreements between the two nations in the postwar period.[44] Despite wielding minimal influence in the UK, Marshall Plan administrators did not tolerate widespread nationalizations elsewhere in Europe (i.e., France)—hence the preoccupation with French economic planning.

While French nationalizations were a hot topic in Congress and the Department of State, other aspects of the French economy were not without their problems, offering further subjects for American diplomatic debate. For instance, when considering a recent reduction in French agricultural production, the 1948 Senate hearing attributed this decline to a shift in labor from the

[41] Eichengreen et al., "The Marshall Plan," 46.
[42] Eichengreen et al., 47.
[43] Steil, *The Marshall Plan*.
[44] Michel Margairaz, *L'État, les finances et l'économie. Histoire d'une conversion 1932-1952. Volume II*, Histoire économique et financière - XIXe-XXe (Vincennes: Institut de la gestion publique et du développement économique, 2013), http://books.openedition.org/igpde/2320.

agricultural sector to industry.[45] Inadequate infrastructure was yet another cause of decreased output that received frequent attention from the ECA.[46] To be sure, any attempt to pinpoint the senators' *motivations* when discussing the above issues would be inherently speculative. Nevertheless, these examples demonstrate that the senators understood the issues in France to extend beyond the purely political climate. Many of the problems that they identified also had a tangible impact on American private business interests. After having made these diagnoses, the Plan's administrators then proposed solutions that would work to remedy an insecure business climate. These proposals offer yet another aperture for investigation and analysis.

III. Laying the Groundwork for Business Abroad

That the Marshall Plan had strictly political origins is an almost uncontested fact in the existing historiography. Most recently, Benn Steil's work on the Marshall Plan frames it within the context of the Cold War.[47] That is, the impetus for the Marshall Plan lay in the rising power and influence of the Soviet Union: Western Europe was essentially the last frontier separating the Western Bloc from a complete Soviet takeover. Even within the economics literature, J. Bradford De Long and Barry Eichengreen characterize the Marshall Plan not as a national investment scheme or foreign aid package but as a "structural adjustment program" that allowed for the flourishing of more representative political institutions in Europe.[48] The severity of the Communist threat was such that merely dumping dollars into the European economy would not suffice. The nations of Europe instead required a coordinated recovery program that also addressed the inherent faults in the social and political structures of each individual country. In

[45] "Eightieth Congress. Second Session on the European Cooperation Administration," 110.
[46] "Eightieth Congress. Second Session on the European Cooperation Administration," 78.
[47] Steil, *The Marshall Plan*.
[48] De Long and Eichengreen, "The Marshall Plan."

practice, political and economic stability were both sufficient and necessary conditions for each other.

Though foreign aid seemed to many a viable mechanism for defeating Communism in one fell swoop, W. Averell Harriman, a Marshall Plan administrator, understood that “social change” required more fundamental reforms, and he began considering these reforms “as soon as [he] got to Europe” in the 1940s.[49] In a 1952 dinner conversation, Harriman reflected on the political turmoil in postwar France, which had escalated to such an extent that it was an “almost insuperable obstacle” to economic recovery.[50] This obstacle was particularly cumbersome in the context of American attempts to intervene in the French economy. For example, French “individualism” resisted the imposition of fiscal controls, which the US recommended for the purposes of stabilizing the nation’s balance of payments.[51] Moreover, the US had little hopes of using foreign aid as “leverage” in negotiations with the French: both parties understood that the US had more to lose (i.e., the possibility of a French Communist takeover) by denying the French access to American dollars entirely.[52] In the long run, French resistance to American intervention framed the political negotiations and economic changes that followed. More importantly, diplomatic discussions saw shifting priorities from American ECA administrators, who sometimes targeted Communism directly or, in other cases, prioritized the treatment of the economic problem in France. This continual balancing act can clarify the extent to which some policy decisions arose from the desire to combat Communism while others acted in service of American economic objectives. This latter group of policies lends credence to the notion that

[49] Harriman, Harry B. Price Interviews: Dinner and Evening Discussion with W. Averell Harriman, 722.
[50] Harriman, 723.
[51] Harriman, 724.
[52] Harriman, 725.

even if the Marshall Plan had strictly political origins, it soon metamorphosed into a means for "doing well by doing good."

A. The Role of Investment Guaranties in Promoting American FDI

Put plainly, the Marshall Plan helped American business "do well" through a number of important initiatives. Most obviously, by facilitating commercial exchange between European importers and American exporters, the ECA bolstered foreign trade. An increase in American exports immediately improved the US trade balance while also establishing solid groundwork for future business transactions across the Atlantic. Introducing (or reintroducing) European consumers to high-quality American goods could strengthen the prestige of American enterprise on the world stage. In addition to the Plan's immediate commercial impact, its policies also sought to guarantee the long-term success of American business on the European continent. For example, aside from providing basic economic recovery to Western Europe, the Marshall Plan included an investment guaranty provision, which would, in theory, encourage American investment abroad. These guaranties ensured the "convertibility into dollars of the foreign currency receipts received from…[American foreign] investment or license."[53] The ventures eligible for guaranty included both direct investment and the licensing of intangible assets (e.g., production techniques and patents) to foreign producers in Marshall countries. In theory, the program was a defense against currency and monetary instability—factors that contributed to low levels of investor confidence in Europe. The provision protected investors from "non-business risk," including "the risk of loss through expropriation or confiscation by the action of a

[53] Economic Cooperation Administration: Office of Small Business, *Assistance Available to American Business Through the ECA Guaranty Program in Marshall Plan Countries* (Washington, DC, 1950), 1, https://catalog.hathitrust.org/Record/100720011.

participating country, a successor government or governing authority."[54] In practice, however, the main deterrents to American FDI in Western Europe were more deep-rooted, stemming from concerns for the political and economic instability resulting from more than a decade of turmoil on the continent. As such, the investment guaranty did not lead to significant positive improvements in the European business climate for American enterprise.

In a 1949 Congressional hearing, Herbert E. Gaston, a representative of the Export-Import Bank working in close collaboration with the ECA, expressed skepticism regarding the benefits of expanding the existing guaranty provision in both amount and scope.[55] This expansion, in Gaston's view, had the potential to inadvertently threaten the main objective of the Plan. More specifically, an expansion of the guaranty provision could lead to the erroneous conclusion by the Senate that American enterprise would quickly seize the opportunity to invest in Western Europe. This allegedly imminent increase in American investment, itself beneficial to European recovery, might, in turn, warrant a reduction in the grant portion of the foreign aid package—thereby lowering the commitment of American taxpayer dollars. This hypothetical sequence of events generated serious concerns, largely because there existed no indication that "non-business" risks were the primary obstructing force that discouraged American business abroad. Therefore, effectively eliminating the "non-business" risk did not ensure that American business investment would compensate for a reduction in the ERP's grant designation.

In general, the ECA provided some speculation as to the most prominent deterrents to American investment abroad. Among these, a lack of currency stability clearly posed a hindrance to American FDI in the Western European countries. In France, the issue was especially acute.

[54] Economic Cooperation Administration: Office of Small Business, 1.
[55] "Eighty-First Congress. First Session on H.R. 2362: A Bill to Amend the Economic Cooperation Act of 1948" (Washington, DC: United States Government Printing Office, 1949), https://catalog.hathitrust.org/Record/101706443.

Moreover, the agency discussed the changing nature of foreign regulations. In fact, one aspect of the proposed amendment included a provision that would cover the risk of changes in foreign legislation jeopardizing an investor's competitive position. The relevant decision-makers quickly abandoned this proposal for fear that it could lead to tensions with foreign governments. The amendment would have also placed an onerous burden on the ECA, forcing the administration to make business judgments perhaps outside its scope of expertise.

In line with Gaston's predictions, the existing secondary literature has established that few American companies took advantage of the ECA's investment guaranty program.[56] Unsurprisingly, one of the companies to have done so was Ford, a large multinational enterprise that had been operating in Western Europe for some time. In 1950, the automobile manufacturer signed an industrial guaranty contract "covering an additional $595,000 investment in its French affiliate."[57] This investment would enable the subsidiary to begin producing diesel-powered trucks. Thus, while some companies were understandably hesitant to *enter* the European market at a time of relative instability, Ford did use the guaranty provision to expand existing operations.

All in all, the investment guaranty provision was not, by itself, sufficient to increase American FDI in any substantial quantity. Indeed, achieving this larger objective required general European economic recovery on a fundamental level. The provision is nevertheless indicative of administrative attempts to improve foreign business conditions through the policies of the Marshall Plan. Fortunately for American business, the ECA was creative in its approach to rectifying the European economy, and its other methods proved to be more effective.

[56] Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970*.
[57] "E.C.A. Aids Ford in France: Contract Assures Payment in Dollars of Yield on Investment," *The New York Times*, May 29, 1950.

B. Toward European Unification

The existing literature on postwar European unification is robust. Some sources posit that the individual countries of Europe banded together of their own volition as a defense against American hegemony.[58] Still others credit Jean Monnet (1888-1979), the French economic planner, with pioneering the "supranational" structure of modern-day European institutions.[59] Historian Luc-André Brunet argues that as French economic planning took off in the postwar period, Monnet's conception for a "supra-ministerial" *Commissariat général du Plan* (CGP) won favor with the existing French government.[60] The 1952 creation of the European Coal and Steel Community (ECSC), which Brunet considers to be "the forerunner to the European Union," drew inspiration from the French CGP by adopting a "supranational" organizational structure.[61] Brunet concludes that the architect of the Monnet Plan—France's postwar economic investment program—thus had a direct impact on future iterations of intra-European institutions.

Still other scholars recognize that *American* officials pushed for European unification to avoid prolonged European dependence on American postwar aid.[62] This final thread, however, appears in the historiography to a lesser degree than those works focusing on the purely European impetus for unification. Moreover, whenever American involvement does enter existing discussions, the scholarship reasons that the Department of State pushed for integration as a defense against the growing power of the Soviet Union.[63] That is, given Germany's strategic

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[58] Griffiths, *Thank You M. Monnet*.
[59] Luc-André Brunet, "The Creation of the Monnet Plan, 1945–1946: A Critical Re-Evaluation," *Contemporary European History* 27, no. 1 (February 2018): 41, https://doi.org/10.1017/S0960777317000418.
[60] *Commissariat general du Plan* translates to Commissariat for the Plan. This French government agency was responsible for developing the nation's postwar domestic investment program: the Monnet Plan.
[61] Brunet, "The Creation of the Monnet Plan, 1945–1946," 41.
[62] De Long and Eichengreen, "The Marshall Plan"; José A. Carrasco-Gallego, "The Marshall Plan and the Spanish Postwar Economy: A Welfare Loss Analysis," *Economic History Review* 65, no. 1 (February 2012): 91–119, https://doi.org/10.1111/j.1468-0289.2010.00576.x; Eichengreen et al., "The Marshall Plan"; Robert Marjolin, *Europe and the United States in the World Economy* (Durham, NC: Duke University Press, 1953).
[63] Steil, *The Marshall Plan*.

importance in the context of the East-West geopolitical conflict, European integration appeared to be a viable medium for mending strained relations between Germany and its Western European neighbors. Ultimately, then, the literature prioritizes an explanation of the political rationale for European unification.

A reevaluation of primary sources demonstrates that the execution of the Marshall Plan placed great emphasis on the project of European integration. The ECA was adamant in its expectation that European nations cooperate and work together in deciding the distribution of US government aid.[64] In a 1964 interview, Robert Marjolin, Secretary-General of the Organization for European Economic Cooperation (OEEC) stated, "This idea of close cooperation among the European countries, the idea of drawing up a European plan of reconstruction, all that was started by General Marshall."[65] After the war, European integration represented a radical divergence from the economic and political protectionism that characterized foreign relations during the interwar years. By 1948, however, ECA Administrator Hoffman would come to applaud the European nations for their ability to develop a "coordinated [recovery] program," which was "in itself an historic accomplishment" marking "a reversal of a century-old trend toward more and more economic nationalism."[66] This level of unification had seemed impracticable in 1945 as a result of the "age-old hatreds and jealousies among the European nations; the lack of a common language and common monetary system; and the war fatigue of

[64] Regarding the reliability of oral history interviews, while it may be true that they introduce the potential for bias or a mischaracterizing of events, the decision to analyze a number of these interviews thereby minimizes the associated risks. Moreover, because these interviews took place in the years after the implementation of the Marshall Plan, they are more likely to reflect genuine sentiments unmodified by the concern for political backlash or a negative public reaction.
[65] Marjolin, European Recovery Program Interview with Robert Marjolin.
[66] Paul Hoffman, "Future World Trade and the ECA: Wholesome Transition Envisaged," *Foreign Commerce Weekly* (Washington: U.S. Dept. of Commerce, December 6, 1948), 4, https://catalog.hathitrust.org/Record/000051417.

the European people."[67] Still, the ECA proceeded with its call for integration, the benefits of which were abundant.

Though the connection is perhaps more tenuous, the prospect of European integration was one that had implications for American private enterprise both at home and overseas. While the political consequences were numerous, the focus here is on the economic effects of unification. Increased communication on the European continent would not only facilitate the process of administering foreign aid but also enable Europe (as a whole) to reach its full economic potential. In a 1964 interview, ECA Administrator Hoffman, spoke of the hope for creating "one mass market in Europe" as a prerequisite for reaching American levels of GNP per capita. According to Hoffman, "It is only when you have a mass market that large-scale manufacturing which involves very substantial expenditures can be justified."[68] The mention of large-scale manufacturing is in line with American aspirations for European recovery. Moreover, the "mass market" in question would also generate increased business opportunities for American private enterprise. To eliminate intra-European trade restrictions and barriers would facilitate the process of establishing an American subsidiary in any single Western European country for the purpose of penetrating the European market as a whole.

While most of the Planners recognized the long-term benefits of European unification, W. Averell Harriman conceded that the process would not deliver immediate results for American private enterprise. In fact, "…the breakdown of trade barriers in Europe first" would constitute "a temporary sacrifice for the United States to some extent" as intra-European trade gained momentum.[69] At the time, however, Harriman had concluded that "the buying power of

[67] Hoffman, 3.
[68] Hoffman, European Recovery Program Interview with Paul G. Hoffman, 20.
[69] Harriman, Oral History Interview with W. Averell Harriman, 7.

Europe would increase so greatly that we [the US] would gain" in the long run.[70] This idea of increasing European purchasing power translated to greater opportunities for American enterprises looking to expand foreign operations.

For the Department of State, too, the economic benefits of European integration were clear. In 1948 correspondence between the Office of the Secretary of State and the US Embassy in France, both interlocutors recognized the necessity of offering the OEEC virtually unrestricted autonomy in ERP decision-making. On a fundamental level, conferring meaningful functions and responsibilities upon the organization would ensure that it attracted high-caliber personnel.[71] Moreover, Secretary Marshall hoped to avoid a concentration of ECA power in Washington. If the member-states of the OEEC were made to feel that their contributions to the project for European recovery were intrinsically meaningful, they would be more inclined to cooperate with each other so as to reach mutually beneficial accords. Ambassador Caffery likewise believed that in preparing an "integrated import program," the OEEC would begin to establish a postwar "evolutionary trend towards economic unification" in Europe.[72] This integration would, in the words of Secretary Marshall, produce a "progressive reduction of impediments to [the] free flow of goods and persons."[73]

Given the importance of European integration, Marshall Plan administrators did not content themselves with mere verbal commitments to trade liberalization. They imposed

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[70] Harriman, 7.
[71] "Document 253. The Acting Secretary of State to the Embassy in France," April 8, 1948, Foreign Relations of the United States (FRUS), 1948, Western Europe, Volume III, https://history.state.gov/historicaldocuments/frus1948v03/d253.
[72] "Document 242. The Ambassador in France (Caffery) to the Secretary of State," March 20, 1948, Foreign Relations of the United States (FRUS), 1948, Western Europe, Volume III, https://history.state.gov/historicaldocuments/frus1948v03/d242; "Document 246. The Ambassador in France (Caffery) to the Secretary of State," March 28, 1948, Foreign Relations of the United States (FRUS), 1948, Western Europe, Volume III, https://history.state.gov/historicaldocuments/frus1948v03/d246.
[73] "Document 253. The Acting Secretary of State to the Embassy in France," April 8, 1948.

deadlines (albeit soft ones) on national efforts toward reducing the regulatory barriers to intra-European trade.[74] Yet perhaps the most important American contribution to European integration occurred through the nation's role in creating a multilateral currency clearing system. ECA Administrator Hoffman describes the system—and the role of the US in its functioning—in an illustrative example from a 1948 *Foreign Commerce Weekly* article:

> Belgium has steel beyond her domestic needs which she wants to sell. Greece needs the steel but has no Belgian francs with which to pay for it and Belgium is not in a position to accept Greek drachmas. ECA therefore agrees to buy Belgian francs for dollars, sell the francs to Greece for drachmas, and put the drachmas in the counterpart fund. Greece pays for the steel with francs.[75]

Here Hoffman signals to a common problem plaguing postwar European economies: the inconvertibility of currencies. That is, European nations were generally unable to exchange their weak domestic currency for foreign monies. Therefore, governments were more inclined to receive supplies and "handouts" from the US rather than importing goods from other European countries. In 1950 Marshall Plan administrators helped to formalize the above clearing system through the creation of the European Payments Union (EPU). Through the EPU, participating countries consolidated their trade balances so that "no country had any claim on any other—only against the union as a whole."[76] Net debtors settled their accounts in dollars or gold, and net creditors thus drew on the union in order to strengthen their individual dollar reserves. According to economist Martin Hellwig, "Marshall Plan money provided a large part of the initial reserve of

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74 Eichengreen et al., "The Marshall Plan," 48.
75 The "counterpart funds" refers to the reserves where a Marshall country deposited domestic currency equivalent to American dollar grant amounts. The ECA then dictated the release of these funds for the purposes of national recovery projects. Hoffman, "Future World Trade and the ECA: Wholesome Transition Envisaged," 10.
76 Steil, *The Marshall Plan*.

the EPU."[77] Steil writes that this capital "financed debtor deficits by paying out to creditors the difference between the funds the debtors put in and the greater amounts they actually owed."[78] Between 1950 and 1959, the EPU supported a 130% increase in intra-European trade.[79] Moreover, the European nations were able to strengthen their dollar reserves and end "discrimination" against dollar imports, which was, of course, beneficial for American business. As Hoffman had anticipated in 1948, "An economically healthy Europe is bound to be a much better customer as well as a more effective competitor."[80]

Ultimately, European unification would require a more concerted effort toward integration and cooperation. The autonomous operations of the OEEC and the EPU were not alone sufficient to eliminate *all* internal barriers to intra-European trade. Harriman's vision for a European mass market was still in its draft stages. In the end, however, the negotiations of the Marshall Plan provided a symbolic launch pad for later discussions among European leaders surrounding what would eventually become the Common Market. While Brunet argues that the ECSC would set the stage for the creation of the European Union, the 1948 establishment of the OEEC stands as an even earlier example of increased European cooperation.[81] Moreover, the close working relationship that existed between the ECA in Washington and the OEEC in Paris offered a prototype for the kind of economic relationship that could emerge between the US and a more unified Europe.

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[77] Hellwig offers this assessment in the Discussions section of the following paper: Eichengreen et al., "The Marshall Plan," 56.
[78] Steil, *The Marshall Plan*.
[79] Steil.
[80] Hoffman, "Future World Trade and the ECA: Wholesome Transition Envisaged," 10.
[81] Brunet, "The Creation of the Monnet Plan, 1945–1946."

V. Implications for the Future of the Franco-American Relationship

As the ECA worked to reconstruct the French economy, the agency came to receive some level of pushback and resistance from the French government and public alike. Communist propaganda attempted to discredit the Plan by speculating as to true American intentions. The Soviet Union disseminated articles, pamphlets, and brochures accusing the US of seeking merely to dump its agricultural surplus on Europe in order to avoid an economic depression at home. Communist critiques, specifically, represented a desire to curtail American influence in the Old World. However, other, more moderate voices expressed legitimate concerns regarding American overreach and interference in internal European affairs. The Marshall Plan constituted an unprecedented level of American involvement on the European continent. Even if many valued the Plan's clear economic benefits, such involvement was bound to incite some degree of animosity—in some quarters—toward the American government. This animosity, as well as its implications for potential American investors in France, merits additional consideration.

CHAPTER TWO: THE POLITICS OF MARSHALL PLAN IMPLEMENTATION AS A CATALYST FOR FRENCH ANTI-AMERICANISM

In June 1948, US Ambassador to France, Jefferson Caffery, sent an anxious telegram to the Secretary of State in Washington. He wrote of French press outrage over the original bilateral draft of the Franco-American ERP agreement, which outlined the terms of American Marshall aid to France. Critics of the draft "[took] exception to certain clauses which they [said] would mean the abandonment of French sovereignty."[1] For example, public commentators criticized what they considered to be the lenient treatment of Germany, the proposed right of the International Monetary Fund (IMF) to fix exchange rates across Europe, and a clause stipulating that "in the case of certain 'rare products,' American nationals [would] have the same rights of investment, prospecting, and exploitation as French nationals."[2] Caffery feared that such negative media coverage substantiated recent Communist propaganda directed toward the

[1] "Document 279. The Ambassador in France (Caffery) to the Secretary of State," June 21, 1948, Foreign Relations of the United States (FRUS), 1948, Western Europe, Volume III, https://history.state.gov/historicaldocuments/frus1948v03/d279.
[2] "Document 279. The Ambassador in France (Caffery) to the Secretary of State."

Marshall Plan. Namely, the Party had frequently accused the American government of using the Plan as a medium for exerting “economic imperialism” and attempting to turn France into a “vassal state.”[3] These accusations stood to threaten the agreement’s passage before the French National Assembly.

This telegram was not entirely unexpected, however, for in the preceding months, another notable controversy had arisen that seemed to legitimize Communist claims. The relevant controversy surrounded the ECA’s decision, in January 1948, to send American observers to monitor the use of American products by French firms. Communist forces called these officials “industrial ‘spies’” working under the guise of the ERP.[4] This episode prompted Hervé Alphand, a senior official at the French Ministry of Foreign Affairs, to reconsider the autonomy previously granted to American ERP agents. Alphand first suggested that French, rather than American, officials could instead investigate any reported instances of product misuse. When the ECA categorically rejected this suggestion, Alphand requested that such investigations, from then onward, proceed only with approval from the relevant French forces. American government officials insisted that this request was unreasonable; the officials were under no obligation to seek any approval at all. Alphand had little choice but to defer to American requests. This disagreement seems not to have been particularly significant (as evidenced by its exclusion from Caffery’s later reports to Secretary Marshall). Furthermore, the controversy was primarily the product of calculated Communist interference intentionally working to place a strain on the Franco-American relationship. Nevertheless, the incident does point to legitimate concerns that guided French discussions of the Marshall Plan.

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[3] “Document 279. The Ambassador in France (Caffery) to the Secretary of State.”
[4] “Document 376. The Ambassador in France (Caffery) to the Secretary of State,” January 7, 1948, Foreign Relations of the United States (FRUS), 1948, Western Europe, Volume III, https://history.state.gov/historicaldocuments/frus1948v03/d376.

French criticisms of the Marshall Plan addressed three main aspects of the Plan's administration. First, observers generally feared that ECA demands might infringe upon French national sovereignty. Such infringement took the form of heavy American intervention in the nation's internal affairs—as in the case of the above example. Second, the ECA's specific calls for European integration generated mixed responses, with some sectors of the French population questioning the motives behind this demand. Finally, some individuals fixated on the diplomatic precedent that the Marshall Plan established. These critics feared that the Plan set the stage for future instances of French reliance on American economic bailouts. By creating an artificial dependence on the US, the Plan's administrators thus secured a continued role for the US in France. These diplomatic concerns soon gave way to alarm regarding the influence of American Big Business—which the Marshall Plan seemed to support—with many fearing the long-term implications of increased American private sector activity in France. The following rhetorical analysis consults a variety of sources in order to develop a more comprehensive understanding of general French perceptions, including governmental and non-governmental reactions.

The French press coverage of American foreign aid to Europe was relatively widespread, with individuals all along the political spectrum frequently contributing to the ongoing debate. A well-known commentator and an active participant in postwar Franco-American aid negotiations, Léon Blum wrote articles on the topic in *Le Populaire*, a socialist daily newspaper.[5] Prior to the war, Blum had served as the Prime Minister of the Popular Front government, which historian Philip Nord characterizes as an "experiment in socialist humanism."[6] Blum spearheaded a successful campaign for the forty-hour workweek in 1936, an occasion marking a significant

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[5] Léon Blum, *L'œuvre de Léon Blum (1945-1947)*, vol. 6, 7 vols. (Paris: A. Michel, 1958); Léon Blum, *L'œuvre de Léon Blum (1947-1950)*, vol. 7, 7 vols. (Paris: A. Michel, 1963).

[6] Phillip Nord, *France's New Deal: From the Thirties to the Postwar Era* (Princeton, NJ: Princeton University Press, 2010).

victory for workers' rights. After the war, Blum again served as the Prime Minister for the postwar provisional government, this time hoping to chart a middle path between two opposing coalitions that would come to dominate the French political landscape: the right-wing Christian Democrats and the left-wing Communists. Jefferson Caffery, the US Ambassador to France, wrote to the Secretary of State in 1948 of the "centrist coalition," the Socialists, "which Blum himself named the 'third force'" and "the leading exponents of the 'war on two fronts against the twin perils of Communism and Gaullism.'"[7] This latter ideology served as the basis for the Christian Democrats, who were "committed to centralization of power, and opposed to American dollar diplomacy."[8] Because the Socialists were generally more open to collaboration with the Americans, Blum's comments offer a useful lens for understanding the non-anti-Americanist perspective.

Additionally, analyses from French economist Robert Marjolin offer a similarly helpful take on postwar Franco-American relations and Marshall Plan politics. Marjolin was, in the words of twentieth-century Duke economist Calvin B. Hoover, "intimately associated with the [American] postwar program for the reconstruction of the world economy."[9] Marjolin played a prominent role in the 1947 Conference for European Economic Cooperation, during which the recipient nations of Marshall aid would come to draft a formal request for American financial assistance based on the collective needs of the European continent. After the successful passage of the Economic Cooperation Act, Marjolin then served as the Secretary-General of the Organization for European Economic Cooperation (OEEC), the European counterpart to the

[7] "Document 385. The Ambassador in France (Caffery) to the Secretary of State," January 29, 1948, Foreign Relations of the United States (FRUS), 1948, Western Europe, Volume III, https://history.state.gov/historicaldocuments/frus1948v03/d385.
[8] Steil, *The Marshall Plan*.
[9] Foreword by Calvin B. Hoover in Marjolin, *Europe and the United States in the World Economy*, v.

American ECA. In a 1986 article published shortly after his death, the *New York Times* called Marjolin an “architect of European economic cooperation.”[10] Marjolin was principally an economist who stood apart from partisan politics, thus lending an additional sense of credibility to his discussions. Moreover, his firsthand experience at the helm of the OEEC endowed him with a strong understanding of Marshall Plan politics and transnational negotiations.

In assessing French public opinion, a study of Blum’s and Marjolin’s comments offers two key benefits. First, public-facing rhetoric by prominent figures is itself likely to impact public opinion. That is, because these individuals possessed a high degree of credibility, their audiences may have been more inclined to agree with and perhaps internalize their viewpoints. Next, given their connection to government agencies and organizations, the opinions of these individuals can likewise reveal general French government sentiments, which later informed future regulations of American investment.

Despite the clear advantages in analyzing Blum’s and Marjolin’s writings, a complete rhetorical analysis also requires engagement with the thoughts of less prominent individuals who were more removed from politics and government. With this goal in mind, the following study will make use of additional sources. First, the ECA Mission to France compiled a collection of news articles that “appeared in the great French press [between 1947 and 1949] and offer a diversity of viewpoints such that the most diverse minds can interest themselves in them.”[11] Despite the group’s efforts to fully capture journalistic rhetoric on the Marshall Plan, the collection, does not include articles from one of the most well-known and widely-read French

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[10] Glenn Fowler, “Robert Marjolin, Economist And Common Market Official,” *The New York Times*, 1986, sec. Metropolitan Report.

[11] “Il s’agissait avant tout de réunir des articles parus dans la grande presse française et offrant une diversité de point de vue telle que les esprits les plus divers puissant s’y intéressent.” United States, Economic Cooperation Administration, Special Mission to France, *La presse française et le Plan Marshall*.

newspapers—*Le Monde*. This study therefore complements ECA-selected pieces with *Le Monde* articles from the *ProQuest Historical Newspapers* database. Finally, this analysis engages with findings from the study *European Beliefs Regarding the United States*, a 1949 survey that—with the sponsorship of the Common Council for American Unity—attempted to capture postwar European sentiments toward the US on questions of foreign aid and general cultural influence.[12] The survey consisted of a questionnaire and in-depth interviews with a select group of respondents. The individual country analysis on France includes excerpts from interviews with observers and commentators. Notably, the questionnaire asked the respondent to answer each question as he suspected the "average" Frenchman (or Englishman or Italian) might respond. Answers are reflective not of individual opinions but of *individual assessments of public opinion*. A 1950 reviewer of the study took issue with its methodology, which "lacks precision" and "provides no clear-cut justification of the sample."[13] Despite these valid criticisms, the reviewer did concede that the study is "informative" and serves as a useful guide for those attempting to understand European beliefs vis-à-vis the US.

All in all, the above sources guide the following rhetorical analysis, whose primary objective is to characterize French sentiments toward the Marshall Plan. Still, even as the French directed their attention to the American public sector, they were no less aware of the significance of American *private* sector activity in France. This study draws a connection between French

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[12] The Common Council for American Unity was, more generally, a quasi-think tank devoted to studying and facilitating the experience of ethnic minorities in the US. The group also worked to cultivate cross-cultural understanding by conducting opinion polls and educational campaigns internationally. Common Council for American Unity and Henry Lee Munson, *European Beliefs Regarding the United States: A Study Under the Direction of Henry Lee Munson* (New York, 1949), https://catalog.hathitrust.org/Record/000601409.
[13] Morris Janowitz, review of *Review of European Beliefs Regarding the United States: A Survey Under the Direction of Henry Lee Munson*, by Common Council for American Unity, *American Journal of Sociology* 56, no. 1 (1950): 118.

reactions to American foreign aid and subsequent commentary on American Big Business, whose growing influence also merited some level of concern.

I. Perceived Threats to French National Sovereignty

On its most fundamental level, the Marshall Plan—and the conditions that came along with it—were liable to infringe upon French national sovereignty. As the US loosened its purse strings for the European continent, the Plan's administrators thought it only fair that they have a say in the allocation and use of aid dollars.[14] Some members of the French press recognized the validity in American attempts to ensure the long-term success of their European investment. According to a 1948 *L'Aube* article, the US merely hoped that, given a generous foreign aid offer, "France would neglect no means of putting herself, as quickly as possible, in a condition to do without it."[15] American demands for currency stabilization and balanced national budgeting arose from a desire to see the emergence of a self-sufficient France. Other commentators, however, expressed suspicions at American motives and feared that "American might and prosperity may relegate older nations to an inferior position."[16] A complete adherence to American demands threatened national sovereignty while also serving as further evidence of France's imminent inferiority before the US.

American observers themselves recognized French suspicions regarding the administration of the Marshall Plan. By way of Ambassador Caffery's telegrams, the Department

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[14] De Long and Eichengreen, "The Marshall Plan."
[15] Schumann's article includes a hypothetical Franco-American dialogue, in which American representatives request that the French make good-faith efforts toward self-sufficiency in exchange for *temporary* Marshall aid. "'En d'autres termes, tout ce que je vous demande, en vous accordant mon aide, c'est de ne rien négliger pour vous mettre, le plus vite possible, en état de vous en passer.'" Maurice Schumann, "Une peau de chagrin," *L'Aube*, February 12, 1948, La presse française et le plan Marshall.
[16] Common Council for American Unity and Munson, *European Beliefs Regarding the United States: A Study Under the Direction of Henry Lee Munson*, 92.

of State learned of Communist criticisms against American ECA activity in France. The American press was likewise cognizant of Franco-American diplomatic quarrels. Even in the months prior to Secretary Marshall's 1947 Harvard speech, a *New York Times* article reported on the matter of postwar aid: "French fears that American loans might impair France's independence or sovereignty have at last been officially expressed in speeches by members of the Government over the week-end."[17] The day after the article's publication, Secretary Marshall sent a telegram to Ambassador Caffery stating that he was "somewhat concerned [about the] effect of Socialist utterances and press stories arising therefrom."[18] The Secretary asked Ambassador Caffery to take "discreet corrective action" against the article if possible, indicating a desire to quell French qualms.

Once the legislation for the Marshall Plan had passed, the American ECA was similarly engaged in preserving the government's positive public image in Europe. In a 1950 brochure for "Americans going abroad," the ECA provided general expository information about the Marshall Plan—knowledge of which could help American travelers counteract Communist propaganda and misinformation. Of the specific Communist claims that the brochure addressed, two treat the issue of European national sovereignty. First, the ECA warned travelers of the accusation that "the Marshall Plan is just our way of getting control of the member countries so we can exploit their labor and loot their resources."[19] To this point, the ECA suggested that readers respond to their interlocutors by emphasizing the American desire for European self-sufficiency. Second, the ECA reminded its audience that the agency does not interfere in local politics even if some

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[17] Harold Callender, "French Fears Rise on Help from U.S.: Ministers Admit Apprehension of Political Conditions on Public or Private Aid," *The New York Times*, 1947.
[18] "Document 456. The Secretary of State to the Embassy in France," May 20, 1947, Foreign Relations of the United States (FRUS), 1947, The British Commonwealth; Europe, Volume III, https://history.state.gov/historicaldocuments/frus1947v03/d456.
[19] Economic Cooperation Administration, *Information on the Marshall Plan for Americans Going Abroad* (Washington, DC, 1949), 18, https://catalog.hathitrust.org/Record/100722145.

European commentators characterize the Marshall Plan as a "means of imposing the American economic system on Europe."[20] Rather, the agency's objective was to provide its beneficiaries with sufficient "know-how" for implementing the economic system that they deemed best for their constituents' needs. Although the brochure principally sought to address specifically Communist criticisms, other sectors of the French political landscape oftentimes shared these sentiments.

Blum's writings, for example, also addressed the idea that the American government hoped to instill a capitalist ethos in Europe, thereby threatening individual European sovereignty. In a statement before the French press in 1946, Blum publicly stated that the French could conceivably commit themselves to maintaining "liberty and equality" in "international transactions" while still forging their own economic system domestically. He adamantly rejected the notion that to partake in free world trade would "imply any kind of burden on the internal regimes of the participants."[21] Blum had communicated the same message to the American press just days earlier—as a preemptive measure against American intervention in France.[22] To repeat this statement before the French press would serve to keep the Plan's administrators accountable. To be sure, while Blum advocated for the preservation of national sovereignty in his own home country, the US exercised control to varying degrees in other European nations. A brief comparison of American diplomatic strategy in each recipient country can serve to contextualize the above French concerns.

While the ERP was a coordinated recovery program, the extent of American intervention differed for each recipient nation. In their 1991 study, De Long and Eichengreen posit that

[20] Economic Cooperation Administration, 19.

[21] Léon Blum, "Exposé de Léon Blum à la presse, à son retour à Paris, le 31 mai 1946," in *L'œuvre de Léon Blum (1945-1947)*, vol. 6 (Paris, France: Éditions Albin Michel, 1958), 201.

[22] Blum, "Exposé fait le lundi 25 mars 1946, à Washington, devant le National Advisory Council."

"United States influence was strongest in Germany, weaker in France and Italy, and weakest in Britain."[23] The economists later demonstrate quantitatively that a strong positive correlation existed between the degree of United States "leverage" in a particular nation and that nation's subsequent economic growth. During the early stages of Marshall Plan implementation, however, no single nation could foresee the eventual emergence of this correlation. As such, the French were more dedicated to domestic efforts toward preserving their waning global influence than to the fulfillment of American demands. For example, the government tended to equivocate in the face of American calls for currency stabilization and balanced national budgeting.[24] Historian Frances Lynch even highlights French fears that these demands threatened the nation's Monnet Plan for postwar reconstruction, which required extensive government spending on industrialization.[25] In Italy, by contrast, less adamant resistance allowed the American government to intervene to a higher degree. Economic historians Alessandra Casella and Barry Eichengreen describe the distinction between the American Marshall Plan approach in France and Italy. The authors posit that in his 1947 conversations with US Ambassador to Italy James Dunn, Marshall had come to recognize that "US aid could buttress a non-Communist [Italian] government."[26] In Ambassador Dunn's previous communications with Italian Prime Minister Alcide de Gasperi, the latter expressed skepticism as to the feasibility of maintaining a government *senza* Communists.[27] However, *The Economist* reported that American aid

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[23] De Long and Eichengreen, "The Marshall Plan," 55.
[24] De Long and Eichengreen, "The Marshall Plan."
[25] Frances M.B. Lynch, "Resolving the Paradox of the Monnet Plan: National and International Planning in French Reconstruction," *The Economic History Review* 37, no. 2 (1984): 16, https://doi.org/10.2307/2596883.
[26] Alessandra Casella and Barry Eichengreen, "Halting Inflation in Italy and France After World War II," Working Paper, Working Paper Series 3852 (National Bureau of Economic Research, September 1991), 20, https://doi.org/10.3386/w3852.
[27] "Senza" is the Italian word for "without."

convinced the Prime Minister otherwise—and that the US made future aid conditional upon the continued exclusion of the Communists from the Italian government.[28]

To be sure, American dollars effectively contained the Communist threat in both Italy and France despite varying levels of American intervention. Historians generally agree that the Marshall Plan had an indirect, positive effect on each country's internal political landscape. That is, the mere "promise" of Marshall aid generated a sense of public ease that at least moderately reduced the allure of Communism. In 1948, Hoffman wrote that "it was the announcement of the Marshall concept which rebuilt enough hope to halt the march of Communism in Italy and France in 1947."[29] This theory likewise appears in Eichengreen and Uzan's 1992 quantitative study, where the authors posit that the Marshall Plan helped instate a new "social contract" in Europe and "increased the size of the pie available for division among competing interest groups."[30] However, aid "acted" more quickly in Italy than in France in part because the Americans were able to exert a greater influence in the former country.[31] The French instead preferred to preserve their national sovereignty and to secure the realization of their vision for postwar modernization.

Notably, even as French commentators pointed to American involvement in France, they did little to consider the more heavy-handed nature of interventions in Italy and chose instead to fixate on the "special" Anglo-American coalition. In many ways, this apparent partnership completely spared the British *any* American interference. Compared with attempts to influence French nationalization policies, for example, American strategy was relatively weak and *laissez-*

[28] Casella and Eichengreen, "Halting Inflation in Italy and France After World War II," 20.
[29] Hoffman, "Future World Trade and the ECA: Wholesome Transition Envisaged," 10.
[30] Eichengreen et al., "The Marshall Plan," 41.
[31] Casella and Eichengreen, "Halting Inflation in Italy and France After World War II."

faire in addressing the same phenomenon in Britain.[32] Moreover, the Americans and the British gave the impression of bonding together in support of a stronger Germany, which threatened French economic and military security.[33] The French had long sought to replace Germany as the main industrial power in Western Europe, but both the US and the UK hoped to restore Germany to its prewar economic position.[34] Doing so would facilitate European reconstruction while also protecting the continent in the event of a Soviet advance.[35]

Ultimately, the above French understandings of the Marshall Plan relate closely to the "sovereignist" anti-Americanism that appears in Sophie Meunier's typology of the same.[36] Individuals subscribing to this ideology feared American economic and political hegemony and its implications for France's future position in the global hierarchy of nations. Still, more than merely disapproving of American attempts to influence the nation's domestic affairs, certain French commentators also took issue with the Plan's aspirations for intra-European relations as a whole.

II. European Integration vis-à-vis American Political and Economic Hegemony

For present-day observers, European unification is the uncontested status quo of overseas diplomacy and cross-country engagement. However, the analysis from Chapter One demonstrates that in the immediate aftermath of a major world war, tensions and suspicions were high. Some individuals, such as Jean Monnet and Robert Marjolin, did identify the advantages in

[32] Steil, *The Marshall Plan*.
[33] Common Council for American Unity and Munson, *European Beliefs Regarding the United States: A Study Under the Direction of Henry Lee Munson*, 90.
[34] Frances M.B. Lynch, *France and the International Economy: From Vichy to the Treaty of Rome* (London: Routledge, 1997); Wall, *The United States and the Making of Postwar France, 1945-1954*.
[35] Steil, *The Marshall Plan*.
[36] Meunier, "Anti-Americanisms in France."

increased intra-European interactions, but to institute this paradigm required a high level of collaboration and diplomatic negotiation across national borders.

For the duration of the Marshall Plan, efforts toward European integration sought mainly to bolster European negotiating strength vis-à-vis the US. The American ECA demanded that the European nations reach agreements amongst themselves regarding the distribution of foreign aid. In his writings, Léon Blum argued that such a requirement offered the US political "cover." According to Blum, General Marshall proposed "to place the European collectivity opposite the United States…precisely so that American aid could not affect the character, even in the eyes of the most biased, of political pressure on the independence of these nations."[37] That is, as political parties of Europe accused the US of infringing on European national sovereignty, the ECA worked to dispel these concerns by increasing collective European participation and agency over the Plan's administration.[38]

While Blum focused primarily on the American political motives for requiring European economic integration, others in the French press highlighted the economic consequences of unification. Increased intra-European trade afforded clear benefits to the participating nations, leading to an expansion of export markets that would thus improve each nation's balance of payments. For the US, the benefits were similarly attractive. A unified European market, with just one set of import laws and restrictions, would simplify the process of exporting American goods. For those members of the French press who subscribed to the belief that the Marshall Plan and its corollaries were a product of American self-interest, the push for European

[37] "Si le général Marshall a proposé de placer en face des États-Unis la collectivité européenne, et non plus tel ou tel État séparé, c'est précisément pour que l'aide américaine ne pût affecter le caractère même aux yeux des plus prévenus, d'une pression politique sur l'indépendance des nations." Léon Blum, "Cri d'alarme," *Le Populaire*, July 2, 1947, 31, L'œuvre de Léon Blum (vol. 7).

[38] This sentiment appears multiple times across Blum's articles: Léon Blum, "Cassure brutale," *Le Populaire*, July 5, 1947, L'œuvre de Léon Blum (vol. 7); Léon Blum, "Le Prêt-Bail de la paix," *Le Populaire*, June 8, 1947, L'œuvre de Léon Blum (vol. 7).

unification was yet another profit-generating mechanism that the US had created for its own gain. As such, for each element of integration that might benefit Europe, the benefit to the US was just as, if not more, substantial. For example, a fundamental characteristic of European integration was the lowering of trade restrictions and the abolition of protectionist policies *on the European continent*. The removal of these barriers would stimulate more intra-European trade and decrease the continent's reliance on American aid.[39] Still, according to a 1947 *Le Monde* article, certain French commentators remained convinced that "[economic] freedom mainly benefits the strong and that the American economy, by far the most powerful, would be the principal beneficiary of free trade."[40] For these commentators, the free movement of goods on the European continent created new opportunities for American exporters, who could send merchandise to one European country with the knowledge that they could then freely distribute these goods to other European countries whenever they found it profitable to do so (i.e., according to market demand). For American subsidiaries on the European continent, an "inside position" might allow them to avoid tariffs altogether. Rather than having to send goods across the Atlantic—a process requiring high distribution costs and tariffs for entry into Europe—these subsidiaries could produce goods directly in France, for example, and later send them to other European countries for purchase.

While calls for European integration may not have originated in the US, the American government made a concerted effort to push this process along in favor of a united Europe. In attempting to understand the American motives, French commentators in the post-war period identified both political and economic benefits that might arise for the US as a result of European

[39] De Long and Eichengreen, "The Marshall Plan."
[40] "On objecte communément que la liberté profite surtout aux forts et que l'économie américaine, de beaucoup la plus puissante, serait le principal bénéficiaire de la liberté des échanges." "Plan Marshall et commerce international: Bulletin de l'étranger," *Le Monde*, September 12, 1947.

integration. From a political standpoint, European integration might facilitate the process of Marshall Plan administration while simultaneously exculpating the US government of accusations of infringements upon European national sovereignty. From an economic standpoint, the French press understood that a unified Europe would produce commercial advantages for American exporters and subsidiaries on the European continent. What these analyses have in common is their depiction of US self-interest, which, according to many French commentators, lay at the foundation of American foreign policy and Marshall Plan administration. Therefore, though American foreign aid was all but necessary for economic revitalization, various currents of French public thought viewed American motives with relative suspicion, perhaps contributing to the general antipathy vis-à-vis American business.

While it may be true that European integration could benefit American enterprise, the French press also believed in its importance for European political stability and economic growth, especially in relation to Euro-American diplomacy. In fact, many French sources called for European unification in part as a defense against American hegemony. Blum's writings proposed that greater European integration would in fact ensure the maintenance of national sovereignty for each individual recipient of aid. The French press devoted extensive coverage to this topic, expressing concern that American conditions and demands would precede the release of aid dollars. These internal worries—coming from the government of a recipient country—could cloud negotiations, interfering with the effective administration of American foreign aid. According to Blum, lone nations negotiating directly with the US "would not be able to escape interior difficulties based on natural apprehensions, for negotiations between two parties would necessarily assume…a character of particularity…where it would be all too easy to demonstrate a threat to State independence."[41] That is, a sole European nation did not possess significant negotiating power vis-à-vis the US, thus creating more potential for infringements upon the national sovereignty of the recipient country. Then, if a nation's public and private officials had reservations regarding American diplomatic intentions, such a source of friction could pose a hindrance to the negotiation process.

There were, of course, those who called for European integration mainly to appease the American administrators of Marshall aid. The diverse nations of Europe, finding themselves in a position of economic weakness, were generally willing to fulfill this condition in order to gain access to American capital. Nevertheless, some nations expressed concern that European unification would itself threaten individual national sovereignty. To this point, Blum admitted that "there is no international organization, solidarity, or cooperation that would be possible if each nation were not committed to abandoning a part of its particular sovereignty for the benefit of the common object."[42] Still, he remained convinced that such a small sacrifice was necessary for the purposes of obtaining American aid and good will toward a unified Europe. As he argued, isolated negotiations were unlikely to garner the same level of American attention and generosity as would the presentation of a united front.

Other members of the French press called for unification as a means of demonstrating European gratitude, competence, and an ability to use aid dollars effectively. A 1948 article in *Le Figaro* reasoned that "the dispenser of dollars cares about the good use of his donation, so that

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[41] "D'autre part, aucune nation d'Europe traitant séparément n'échapperait à des difficultés intérieures fondées sur des appréhensions naturelles, car les négociations deux à deux revêtiraient nécessairement, à l'heure actuelle, un caractère de particularité, de tri, de choix préférentiel où il n'est que trop facile de montrer une menace pour l'indépendance des États." Léon Blum, "L'Europe devant le plan Marshall," *Le Populaire*, June 18, 1947, 27, L'œuvre de Léon Blum (vol. 7).

[42] "Il n'y a pas d'organisation internationale possible, pas de solidarité internationale possible, pas de coopération internationale possible, si chaque nation n'est résolue à délaisser au profit de l'objet commun une part de sa souveraineté particulière." Blum, "Cri d'alarme," 31.

public opinion and the American Congress will support, over the course of four years, the progress of the undertaking."[43] The "undertaking" in question was the pursuit of Western European economic rehabilitation, which the Americans believed would require a level of collective action and organized productivity in Europe. If not for the purposes of attaining progress itself, European unification would at least demonstrate engagement and initiative on the part of each individual nation. Subsequent efforts toward integration did not remain unnoticed. Reflecting on the "political success of the Marshall Plan" in a 1951 lecture series, French economist Robert Marjolin stated that one of the basic aims of the Marshall Plan was "to strengthen the determination and initiative of the European peoples."[44] Marjolin cited a speech by General Marshall, in which the Plan's eponym argued that "'it would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically.'"[45] Rather, Marshall believed that European initiative was necessary. As evidence of this initiative, Marjolin pointed to the "growth of cooperation between the European countries reflected in the work of the OEEC" over the course of four years.[46] Clearly, then, though some French commentators disliked the conditions that came along with American aid, others voluntarily complied with these requirements in exchange for the American vote of confidence.

From a political standpoint, the process of European unification reflects the complex, ever-changing power dynamics that existed between the US and Western Europe. In one sense, cooperation among the European nations would increase the negotiating power of the continent

[43] "Le dispensateur des dollars se soucie du bon usage de ses dons, afin que l'opinion et le Congrès américains soutiennent, quatre années durant, le progrès de l'entreprise." Raymond Aron, "I. Du plan Marshall à l'Europe Unie," *Le Figaro*, July 27, 1948, La presse française et le plan Marshall.
[44] Marjolin, *Europe and the United States in the World Economy*, 14.
[45] Marjolin, 14. Citing Secretary George Marshall's 1947 Harvard Speech.
[46] Marjolin, 14.

as a whole, helping it to assume a more monolithic character vis-à-vis the economically dominant US. On the other hand, by moving forward with unification, the European nations were adhering to the conditions of American aid, thus revealing their weaker position in the framework of the negotiation. This diplomatic tug-of-war was just one power struggle of the many that inspired French ambivalence toward the US in the context of Marshall Plan administration. In a 1947 article, Blum outlined the vicissitudes of French public opinion on the matter, with many beginning to ask themselves if "behind appearances of grandeur and assurances of disinterest, there [was] not hidden a selfish calculation either in the economic or political order."[47] Even so, discerning the motives for American aid was ultimately a secondary concern, with many prioritizing both the acquisition of favorable packages and the proper management of these funds.

In concluding, there exists one final economic thread in the French press reaction to European unification under the Marshall Plan. These commentators wrote from a place of concern for the economic position of the "old continent" relative to that of the US. By the end of the Second World War, the journalistic collective understood that, for better or worse, the US had surpassed the European continent—to say nothing of each individual nation—as an economic world power. This shift in geopolitical dynamics had begun at the turn of the twentieth century, but the Second World War played a role in cementing these relations. In 1949, Blum wrote, "After the two world wars, Europe still [had] the same need for America, but America [needed] Europe less and less."[48] This perceived dependence extended beyond national borders.

[47] "L'opinion en vient vite à se demander si, derrière les apparences de grandeur et les assurances de désintéressement, ne se dissimule pas un calcul, égoïste, soit dans l'ordre économique, soit dans l'ordre politique." Léon Blum, "Les raisons économiques," *Le Populaire*, May 21, 1947, 17, L'œuvre de Léon Blum (vol. 7).
[48] "Après les deux guerres mondiales, l'Europe a toujours le même besoin de l'Amérique mais l'Amérique a de moins en moins besoin de l'Europe." Léon Blum, "À Washington," *Le Populaire*, September 5, 1949, 324, L'œuvre de Léon Blum (vol. 7).

That is, even if France was one of the primary beneficiaries of American foreign aid, the nation's neighbors were similarly indebted to the US.[49] This indebtedness was not, as some might expect, merely a function of post-war hardship. Rather, according to certain currents of the French press, the Second World War marked a permanent shift in the international economic order. Blum, over the course of his other articles, acknowledged that there was only so much "equilibrium" the Europeans could expect as it concerned the dollar deficit. Though the dollar deficit could (and should) stabilize over the course of European rehabilitation, a perpetual trade imbalance would persist, reflecting a continued European reliance on American raw materials, factors of production, and finished goods. Marjolin, too, identified a general trend toward globalization (and the interconnectedness that came along with it), asserting that "in the economic field, the activity of each country depends on the activity of all the others; and if there is a governing center, it is in the United States."[50] Standing before this strong "governing center," the nations of Europe could expect to maintain some level of autonomy only if they combined to form one negotiating monolith.

Further evidence of European dependence came in the latter half of 1949, when a moderate American recession in industrial activity threatened to derail the post-war gains that the European nations had secured up until that point. According to an OEEC report, imports into the US from other countries fell by 24 per cent in value and 19 per cent in volume as a result of this recession.[51] As Marjolin observed,

[49] The French received the second-largest amount of foreign aid through the Marshall Plan. Of the total $13 billion that the US distributed to recipient nations between 1948 and 1951, France received $2.7 billion. De Long and Eichengreen, "The Marshall Plan."
[50] Marjolin, *Europe and the United States in the World Economy*, 59.
[51] Marjolin, 19.

> This emphasizes not only the vulnerability of the European economy due to the nature and volume of its exports, but also the fact that a high level of activity and employment in the United States is of vital importance to Europe and the rest of the world.[52]

While Marjolin reflected on the situation with a certain level of resignation and acceptance, other French commentators called for a more active response from the European nations. In *Le Figaro*, a traditionally conservative paper, Raymond Aron encouraged the individual governments of Europe to maintain a sort of economic coalition that privileged intra-European trade. As he wrote, "Each [nation] must buy outside of Europe, especially in the dollar zone, only that which it cannot buy within Europe."[53] Even if *national* self-sufficiency was not entirely within reach, the French press aspired at least to a self-sufficient Europe, one that could meet the collective needs of its member countries.

In the final analysis, the Marshall Plan clearly laid the foundation for a more integrated Europe, whether it be a result of American calls for action or the culmination of European initiative. When attempting to consider why the American government may have preferred a united Europe, the French press typically highlighted reasons stemming from political or economic self-interest. Still, even if European cooperation represented an outward yielding to American demands, French commentators nevertheless recognized the potential benefits that unification would create for Europe as a whole—not least of which was the potential defense against American hegemony. Ultimately, the Marshall Plan made clear the hegemonic influence of the US, and the French oftentimes resented this emerging dynamic. These sentiments were

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[52] Marjolin, 19.
[53] "Chacun ne doit acheter hors d'Europe, en particulier dans la zone dollar, que ce qu'il ne peut pas acheter en Europe." Raymond Aron, "V. Action immédiate," *Le Figaro*, August 11, 1948, La presse française et le plan Marshall.

likely to have tangible consequences for future Franco-American economic interactions—in both the public and private sectors.

III. The Persistent Need for American Capital

Similarly, the French were resistant to the notion of creating a lasting position for the US in the nation's internal economic affairs. In the early days of the Marshall Plan, government officials and commentators alike were committed to envisioning a France *sans* American aid (and the conditions that came along with it). One 1948 article in *Paris-presse: L'intransigeant*, aptly titled "La France a quatre ans pour se relever,"[54] insisted that the French "must not, and for that matter *could not*, continue to live indefinitely on American aid" (emphasis from original text).[55] In the article, journalist Ève Curie went on to argue that if, at the end of the designated four-year period, the French were to request more financial support from the American government, this new aid package would likely contain humiliating terms and conditions. American interventions under the Marshall Plan would pale in comparison to the ones that would take place should the French fail to meet their economic objectives by 1952.

Admittedly, the French press was generally cognizant and appreciative of the American generosity that had inspired the sizable foreign aid package to Western Europe (even if this package did contain elements of American self-interest).[56] In the above article, Curie conceded that "America had saved [France], and continues to save [it], from the economic catastrophe to

[54] "France has four years to lift herself up."
[55] "Nous ne devons pas, et d'ailleurs *nous ne pourrons pas* continuer de vivre indéfiniment de l'aide des États-Unis." Ève Curie, "La France a quatre ans pour se relever," *Paris-presse l'intransigeant*, November 17, 1948, La presse française et le plan Marshall.
[56] United States, Economic Cooperation Administration, Special Mission to France, *La presse française et le Plan Marshall*.

which it was doomed" in the aftermath of the Second World War.[57] Curie even made mention of the importance of Marshall aid in financing the main objectives of the Monnet Plan for French modernization. Still, France aspired to eventual national autonomy.

Fortunately for the French, the American government had no intention of funding European reconstruction indefinitely: from the moment of its inception, Marshall aid had an expiration date. Unfortunately for the French, when aid finally did come to an end in 1952, the nation's balance of payments had not recovered entirely despite substantial improvements in the domestic standard of living.[58] An imbalanced budget and a dearth of capital were liable to threaten the momentum of the Monnet Plan, which had benefitted from the inflow of foreign aid and machinery.[59] In 1946, after the French had secured a pre-Marshall Plan loan from the US, Blum wrote that "the principal benefit of the accords…is that they should allow France to undertake the execution of the repair and modernization plan."[60] Six years later, French economic planners required new methods for financing post-war modernization if they were to avoid interrupting the Monnet Plan's progress and momentum. To be clear, the end of the Marshall Plan did not imply the end of all American foreign aid. On the contrary, the new Mutual Security Act, which supplanted the Marshall Plan, was to build upon the work of the ERP. Nevertheless, this aid took on a more militaristic nature in the context of the Cold War, meaning that economic revitalization was no longer a primary objective.[61] Instead, American

[57] "L'Amérique nous a évité, et nous évite encore, la catastrophe économique à laquelle nous étions voués." Curie, "La France a quatre ans pour se relever."
[58] Lynch, *France and the International Economy: From Vichy to the Treaty of Rome*.
[59] Lynch, "Resolving the Paradox of the Monnet Plan."
[60] "La bénéfice principal des accords de Washington, au moins dans la pensée de ses négociateurs, est qu'ils doivent permettre à France d'entreprendre l'exécution du plan de réfection et de modernisation." Léon Blum, "Après le vote," *Le Populaire*, August 3, 1946, 205, L'œuvre de Léon Blum (vol. 6).
[61] Steil, *The Marshall Plan*.

private investment offered a plausible panacea to the financial woes that remained once Marshall aid terminated, and French commentators had much to say about the topic.

Despite concerns regarding American economic hegemony, various historical outlets of public and private opinion alike contain evidence that the French (and Europeans, more broadly) understood the economic importance of attracting American FDI to the European continent. The OEEC, in particular, recognized that:

> …the gradual reduction of the programme for American aid to Europe, coupled with the progress made by the European economy in all fields, lent an increasing importance to private investment in relation to other factors contributing to economic development and international equilibrium.[62]

As such, hostile journalistic rhetoric is not wholly representative of the commentaries surrounding American public and private capital sources. The Monnet Plan had inspired the French to pursue modernization with vigor, and if American capital was necessary for the achievement of these goals, then foreign hostilities and rivalries could take a backseat to more pressing economic concerns. The French required capital to realize their material objectives, but as early as 1949, a French news source pointed to possible reductions in the American foreign aid budget for the year 1950.[63] If the American government was no longer willing or able to fund French reconstruction, then American private enterprise provided an alternative source for financing. In a moment of self-awareness, a 1950 *Le Monde* article recognized the many

[62] Organisation for European Economic Co-operation, *Private United States Investment in Europe and the Overseas Territories* (Paris, 1954), 7.
[63] "M. Tom Connally examine les grandes problèmes de la politique extérieure américaine," *L'Information financière, économique et politique*, December 31, 1949, Gallica, https://gallica.bnf.fr/ark:/12148/bpt6k40423061.

deterrents to American FDI in France and called for a domestic effort to attract American investment—or at least to avoid "scaring it away."[64]

The increase in the French desire for American capital, though not quite a mainstream phenomenon, nevertheless garnered American attention. The aforementioned 1952 *Barron's* article conceded that despite various barriers to true economic liberalism, "some French officials" had made efforts "to smooth the investment road" for American FDI.[65] The article then went on to describe the "fundamental impediment[s] to that inflow of American private capital of which France has such great need."[66] Clearly, commentators on both sides of the Atlantic understood the importance of American FDI to continued French economic growth in the postwar period. For some Frenchmen, however, such importance posed a threat to the nation's long-term autonomy.

The growing significance of American private enterprise on the world stage inspired discussion amongst expert and non-expert observers. In the 1949 *European Beliefs Regarding the United States* survey, the France country report stated that 4 out of 10 Frenchmen believe that "Big Business determines American national policy," while "one-third believe the US is imperialistic and just as many believe the US is trying to force the American form of capitalism on Europe."[67] Some individuals were especially fearful that the Marshall Plan had paved the way for an influx of American investment activity in postwar France. An interviewee speculated that "great masses of Frenchmen…believe that Big Business is behind [the Marshall Plan] as a scheme to make money at the expense of France and to check social progress."[68] While these

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[64] "Les capitaux américains s'intéressent-ils aux valeurs françaises?," *Le Monde*, October 30, 1950.
[65] Charles R. Hargrove, "Investment in France: Statism Has Stemmed the Flow of American Capital," *Barron's National Business and Financial Weekly (1942-1987)*, February 4, 1952.
[66] Hargrove.
[67] Common Council for American Unity and Munson, *European Beliefs Regarding the United States: A Study Under the Direction of Henry Lee Munson*.
[68] Common Council for American Unity and Munson, 93.

beliefs were common amongst the Communists, the observer noted that he heard even non-Communists articulate fears to this effect.

In the end, it may well be that a perception of French reliance on American investment (whether it be private or public) further contributed to the animosity toward inflows of American capital. In other words, even if the French had come to understand their dependence upon American dollars, such a dependence could itself have been a source of resentment. As the literature on French anti-Americanism demonstrates, this phenomenon originated in part from the notion that France had lost its "great nation status" just as the US came to claim its own in the twentieth century.[69] From the beginning of the Marshall Plan period, the French had aspired to economic self-sufficiency, hoping to attain it within four years. At the end of this timeframe, not having fully realized their main objective, they were left with no option but to stand in the American economic shadow once more. The resulting resentment would prove to create certain complications for postwar American business in France.

[69] Meunier, "Anti-Americanisms in France."

CHAPTER THREE: THE EXPERIENCE OF AMERICAN BUSINESS IN POSTWAR FRANCE AND A CASE STUDY OF HONEYWELL INC.

In 1956, Honeywell-France began construction of a new manufacturing plant for the production of oil burner industrial controls in Amiens, France—a sleepy industrial city an hour's drive from Paris.[1] The new Amiens factory was, at the time of its opening, the fifth Honeywell plant abroad. Two of its four predecessors were located in other European countries: the Netherlands and Scotland. This project reflected a desire by Honeywell to continue expanding its overseas manufacturing operations. For much of their existence, the company's wholly-owned Western European subsidiaries acted mainly as distributors and points of contact facilitating transactions with local buyers. In 1951, however, the company's annual report noted that overseas production "plac[ed] your Company in a favorable sales position in those areas where dollar exchange was not readily obtainable."[2] Such was the original motivation behind the

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[1] "Honeywell Starts Construction of Plant in France," n.d., France Photo Scrapbook, Box 13, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[2] "Minneapolis-Honeywell Regulator Company Annual Report - 1951," *America's Corporate Foundation* (Ann Arbor, MI: ProQuest Annual Reports, 1951), https://www.proquest.com/annualreports/docview/88189347/citation/C0A2149C50C04DF9PQ/1.

company's initial foray into European production when, in 1948, it opened a "modest program for the manufacture of a limited line of industrial instruments in Great Britain."[3] Over the next five years, this "modest program" expanded, prompting the company to "move into an enlarged plant at Newhouse, Scotland" in 1953.[4] It was in this same year that the company also added a manufacturing operation in Amsterdam for oil burner controls.

While the Amiens factory was no new feat for Honeywell in Europe, its opening did mark a significant milestone for Amiens, for "the plant [represented] the first foreign industry to establish manufacturing operations in that city."[5] In fact, as late as 1970, Honeywell remained the *only* foreign plant in this French industrial zone.[6] To mark the momentousness of the occasion, the "Amiens Chamber of Commerce presented a special medal to H.W. Sweatt, Honeywell's board chairman."[7] The excitement surrounding this event was largely due to the sense, prior to Honeywell's arrival, that "Amiens, a city of close to 100,000 inhabits, would, without the infusion of new blood, slowly lull off despite an intense reconstruction and urbanization."[8] Whether this local enthusiasm for "new blood" would persist serves as a key question motivating the following case study.

[3] "Minneapolis-Honeywell Regulator Company Annual Report - 1948," *America's Corporate Foundation* (Ann Arbor, MI: ProQuest Annual Reports, 1948), 6, https://www.proquest.com/annualreports/docview/88186651/citation/7E700A692E9B4FA5PQ/1.
[4] "Minneapolis-Honeywell Regulator Company Annual Report - 1953," *America's Corporate Foundation* (Ann Arbor, MI: ProQuest Annual Reports, 1953), 10, https://www.proquest.com/annualreports/docview/88190169/citation/EBBC54DCA8D14886PQ/1.
[5] American Institute of Electrical Engineers, "Industrial Notes: Honeywell Plant in Amiens, France," *Electrical Engineering (New York, NY)* (American Institute of Electrical Engineers, 1956).
[6] Charles M. Denny, *For All Good Things Last Forever: Autobiography* (Deephaven, Minnesota: Published privately by Charles M. Denny, 1999), 162.
[7] American Institute of Electrical Engineers, "Industrial Notes: Honeywell Plant in Amiens, France."
[8] "Amiens, ville de près de 100,000 habitants, si on ne lui infuse pas un sang nouveau, risque de s'endormir peu à peu malgré une intense reconstruction et un urbanisme bien compris." Claude Romain, "La zone industrielle d'Amiens est devenue une réalité," n.d., Box 13, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.

While the case study analyzes the on-the-ground experience of Honeywell-France, no business history is complete without an assessment of the company's decision to enter this new foreign marketplace. Honeywell's International Division clearly aspired to a larger, stronger, and more formidable European presence. However, in choosing France, the company did assume a substantial number of business risks. The pages that follow reveal the many deterrents to American FDI that were likely to dissuade the typical investor from initiating business operations in France. Some of these deterrents—namely, those concerning the country's social and cultural landscape—grew in gravity and significance as the politics of the Marshall Plan exerted pressure on the Franco-American relationship. Nevertheless, part of the Plan's legacy lay in its ability to render the European continent more accessible to the American investor. By helping to eliminate the dollar shortage in Europe, ECA funds supported the expansion of a new European market for American goods. In pushing for European modernization, the ethos of the Marshall Plan inadvertently generated a newfound "acceptance of automatic controls of the industrial and commercial type," controls that Honeywell could supply.[9] Moreover, the ECA's emphasis on European trade liberalization and the eradication of protectionist economic policies further supported the entry of the American private enterprise into the Old World's marketplace. In studying each of these three factors, the below case study retraces the oft-underacknowledged link between the public and private sectors. The Marshall Plan may have begun as a defense against Communism, but through its implementation, it soon evolved into a multi-faceted foreign aid package that would produce more tangible benefits for American private enterprise.

[9] "Minneapolis-Honeywell Regulator Company Annual Report - 1950," *America's Corporate Foundation* (Ann Arbor, MI: ProQuest Annual Reports, 1950), 14, https://www.proquest.com/annualreports/docview/88190235/citation/6EC57AD0D211426FPQ/1.

In service of this broader argument, the organization of this chapter is as follows. The first section briefly engages with the literature on American business in twentieth-century France. Though the historiography is robust, a case study on Honeywell has much to add. The second section considers historiographical representations of the deterrents to American FDI in France. Understanding these business obstacles can shed light on Honeywell's cost-benefit analysis in choosing to enter the French market. The third section provides a history of Honeywell both pre- and post-French-entry. The final section highlights notable trends from the preceding historical narrative, which will reveal the underlying influence of the ECA in setting the stage for Honeywell's successful European operations.

I. Twentieth-Century American FDI in France

Much of the literature on American business in mid to late twentieth-century France exhibits a strong preference for analyses of large multinational companies that had begun overseas operations prior to the onset of war.[10] Despite the usefulness of these accounts, their principal weaknesses are twofold. First, a singular focus on large corporations neglects the smaller firms that also participated in the French market. Second, companies that had already established a foothold in the French marketplace had a stronger foundational framework that shielded them from the full effects of wartime instability and the fallout from Marshall Plan negotiations between the French and American governments. This chapter expands upon existing literature by studying the experience of a relatively smaller company that entered the French marketplace in the aftermath of the Second World War. When former Honeywell chairman

[10] Kuisel, *Seducing the French: The Dilemma of Americanization*; Allan W. Johnstone, *United States Direct Investment in France: An Investigation of the French Charges* (Cambridge, Mass. : M.I.T. Press, 1965), http://archive.org/details/unitedstatesdire0000john.

Edson W. Spencer joined the company in 1954, it was "small, still very paternalistic…and not very logical in the way they ran their business," which amounted to about $500 million at the time.[11] Of this quantity, only ten percent consisted of foreign sales. Moreover, while Honeywell's first French factory began operations with just twenty-five employees in 1956, IBM-France employed approximately 2,200 workers in its Vincennes plant in 1951.[12] As a smaller company, Honeywell's experience may have differed in one of two ways. Either its smaller size posed a less substantial threat to French businessmen, thus facilitating a seamless market entry, or its relative obscurity left local officials less enthusiastic about welcoming this American company into their respective jurisdictions. The above description of the Amiens factory opening potentially discounts the latter scenario, but the following case study formally tests these two hypotheses and their relation to the Marshall Plan impact.

The case of Honeywell-France serves as an especially useful lens for understanding the business impact of the Marshall Plan. The company stands as an outlier in comparison to its more mainstream American counterparts—companies such as Ford, General Motors, and IBM, which had all entered the French market in the years prior to Marshall Plan implementation.[13] The secondary literature has not offered much attention to the story of Honeywell-France, choosing instead to chronicle the experiences of the above larger multinational enterprises. Take for example *The Case Study of IBM in France.* In 1953, the nonprofit National Planning Association (NPA) published the first of its case studies in a series entitled *United States Business Performance Abroad*. Through this project, the NPA sought to produce

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[11] Edson W. Spencer, Oral history interview with Edson W. Spencer, interview by James E. Fogerty, December 1, 2009, Minnesota Historical Society.

[12] Jerry Norbury, "Honeywell Helped Change the Face of Amiens," *The Honeywell World*, December 17, 1979, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota; France, *The Case Study of IBM in France*, 25.

[13] Charles P. Kindleberger, "Origins of United States Direct Investment in France," *The Business History Review* 48, no. 3 (1974): 382–413, https://doi.org/10.2307/3112954.

> …an objective study of some selected cases in which US business management has, in pursuance of normal and profitable operations abroad, taken positive steps toward raising living standards and helping to integrate into countries less developed than the United States the foundations of a more mature economy.[14]

After having released examinations of American companies in Latin America, Southeast Asia, and Africa, the NPA finally turned its attention to the European continent when, in 1961, it published a case study of IBM in France. The study emphasized the country's slow technological progress in the interwar years. Against this backdrop, IBM-France assumed a heroic role—according to the case study's author—effectively pulling France out of its economic and technical backwardness. The company's contribution to the French industrial landscape took the form of knowledge transfers and physical transfers of machinery that helped to modernize France's capital stock. In essence, the study prioritizes an account of IBM's positive impact on the French economy. The below Honeywell case study will do more to dissect the main motivating factors behind the company's decision to enter France, especially as it pertains to the impact of ECA activities. Nonetheless, the IBM case study also provides a useful comparison case that underscores certain key findings from the analysis of Honeywell.

Before taking on this case study, a broader consideration of French business regulations and barriers to entry can serve as a useful backdrop for any investigation of the on-the-ground business experience. The rhetorical study of the previous chapter brings to light the hostilities and suspicions that imbued the many discussions surrounding American capital inflows to France. Still, journalistic rhetoric and commentary, though they can reveal public sentiments, are never fully representative of the facts or realities that they purport to describe. Inflows of

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[14] France, *The Case Study of IBM in France*, 80.

American FDI persisted with the permission, if not encouragement, of the French government.[15] Whatever reservations they may have felt in response to American private enterprise, individuals in the economic know could not deny that these dollars were valuable for the purposes of French economic rehabilitation. Thus, outward-facing rhetoric often differed substantially from the actual application of French business regulations, further underlining the complicated nature of the Franco-American relationship. Assessing the magnitude of this discrepancy necessitates an analysis of American FDI in France—as well as the French regulations that dictated the terms of investment.

II. Deterrents to American FDI in France

American investors often had the impression that their capital and presence were unwelcome in postwar France. A 1952 *Barron's* article, referencing a report from the National Association of Joint-Stock Companies, stated that "French legislation and procedure…produces an impression of distrust and fear towards foreigners and foreign capital," an impression "shared by most Americans in official or private positions in France."[16]

For much of the postwar period, the French did not seem particularly interested in attracting American capital. In its 1954 assessment of American FDI across the world, the OEEC reported that "the French Government [had] taken no special steps to call the attention of American investors to the regulations applied in France."[17] This virtual silence was unsettling to "representatives of American investors," who "frequently stress[ed] the desirability of a

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[15] Kuo, "Improving French Competitiveness through American Investment Following World War II."
[16] Hargrove, "Investment in France: Statism Has Stemmed the Flow of American Capital."
[17] Organisation for European Economic Co-operation, *Private United States Investment in Europe and the Overseas Territories*, 79.

'clarification of the attitude' of host countries."[18] More concretely, investors were committed to understanding both where their capital was welcome (i.e., in which sectors of the economy) and the conditions they might encounter upon entry. These businessmen may then have found it off-putting that the French offered no insight into the reception that American investors were likely to face in the French market. Especially in comparison to other European countries (the Netherlands, for example, had created a government agency for attracting American investment) the French seemed either indifferent or blatantly hostile to the presence of American FDI within their national borders.

Such French indifference constitutes a deterrent to American investment of a distinctly passive form. That is, the *absence* of an active welcoming presence contributed to American apprehension toward the French business climate. In addition to this more passive deterrent, however, active impediments also posed substantial barriers to entry for American investors. These impediments included seemingly irreconcilable cultural differences, political instability, and a complex regulatory environment, each of which the following sections explore in turn.

A. The Social Landscape

Sophie Meunier's typology of the various forms of French anti-Americanism places significant weight on tensions between the two nations arising from cultural differences and misunderstandings.[19] Meunier's work, however, focuses more on French perceptions of Americans than on American perceptions of the French. An assessment of the latter reveals that tensions between the two parties were hardly ever one-sided. Even as the French held unfavorable views of the Americans, the latter also held negative views of the former. In the

[18] Organisation for European Economic Co-operation, 29.
[19] Meunier, "Anti-Americanisms in France."

context of *business*, specifically, American investors understood that cultural tensions could result in complications hindering the profitability of any given business venture. A lack of trust between an American parent company and its foreign subsidiary was liable to threaten the proper functioning of the corporation's international network. The social landscape in France stood as one such threat. Specifically, investors could not be sure that American policies were compatible with French social culture.

Most notably, the two national groups seemed to have different understandings of "enterprise."[20] As a graduate student in economics, Othenin d'Andlau completed a 1958 study of American FDI in postwar France, in which he sketched a comprehensive overview of the then-current French business climate. In highlighting French and American cultural differences, D'Andlau acknowledged that the Americans maintained a spirit of competition and openness, a mentality that encompassed extensive faith in the operations of free-market mechanisms. The French, by contrast, adopted an "esprit de cartel," an attitude involving "cooperation in methods of purchasing and marketing, in prices, and in labor relations."[21] D'Andlau posited that the cartel, dating back to the eighteenth century, was a method of stability and order for the French. That is, this social infrastructure encouraged a sense of mutual caring between workers and employers even during times of economic crisis. Such an attitude could interfere with the American prioritization of profitability and efficiency.

The American and French business environments also differed in terms of labor union culture. French unions took a more active role in politics compared to their (albeit larger) American counterparts. During the prewar period, especially, many French unions sought to

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[20] Othenin Stanislas d'Andlau, "The Condition of American Private Direct Investments in Continental France, 1946-1956" (Master's thesis, The University of California, Berkeley, 1958).
[21] d'Andlau, 37.

suppress the capitalist regime by endorsing the exacerbation of a class struggle between workers and employers.[22] The case study of IBM-France included a similar reference to tensions between disparate social groups in France—a problem that was likely to interfere with the successful implementation of new worker education programs.[23] In the 1950s, IBM management had developed these programs to facilitate the proper functioning of the company's new *comité d'entreprise*. French postwar law had mandated the creation of these employee-operated committees in "every industrial enterprise," in an effort to attain greater transparency from management.[24] IBM-France noticed, however, that many members of these committees did not possess the technical training necessary to fully appreciate the information that managers transmitted to them. The company developed worker education programs to address this knowledge deficit. However, management expressed some doubts as to whether these programs would be effective. The author of the case study noted that "official labor representatives in France traditionally are suspicious of everything management does, and particularly wary of attempts to 'educate' them, suspecting a propaganda exercise."[25] At the time of writing, the programs had not yet been in operation long enough to allow for a proper assessment of overall effectiveness. Still, members of the American business elite were, evidently, mindful of the challenges they might encounter when applying American policies to a French workplace setting.

The history of left-leaning unions underscores another potential deterrent to American investment: the influence of communism in France. At the time of writing, d'Andlau noted that "one quarter of French electors vote communist and have pushed 150 Communist deputies in the

[22] d'Andlau, 39.
[23] France, *The Case Study of IBM in France*.
[24] France, 52.
[25] France, 52.

National Assembly out of 596."[26] However, d'Andlau went on to state that French voting patterns were not wholly representative of mainstream political thought. That is, some voters, though not familiar with the main tenets of the Marxist doctrine, may have voted communist merely because they sought "something new and something more."[27] In citing a French businessman, d'Andlau noted that the tendency of the French worker to align himself with the Communist Party originated more from "class inclination" rather than individual ideological identity. From the perspective of the average laborer, the French Communist Party was committed to obtaining greater rights and privileges for the working class. The attractiveness of a labor-centered political ethos drew the laborer to the Communist Party even if he was not enthusiastic about other elements of the Party's main objectives. This inclination toward worker-centered politics again underscores the social tensions existing between employees and their superiors. IBM-France understood these tensions and their implications for the workplace environment. For this reason, manager training at the company's Essonnes factory included "the review of a hundred years of bitter class struggles in France, against the background of the social frustrations inherent in the mercantilist philosophy of French business."[28] A successful manager required this review "if he [was] to try to influence these attitudes in a constructive direction."[29]

To be sure, the French social landscape was not entirely hostile to American business. In a 2017 study, historian Laureen Kuo sampled seventy cases "in which French companies took the initiative to seek out American investment" between 1958 and 1969.[30] The majority of the firms within this sample set were small and medium-sized enterprises (SMEs) working to

[26] d'Andlau, "The Condition of American Private Direct Investments in Continental France, 1946-1956," 41.
[27] d'Andlau, 41.
[28] France, *The Case Study of IBM in France*, 56.
[29] France, 56.
[30] Kuo, "Improving French Competitiveness through American Investment Following World War II," 130.

increase their competitiveness in the wake of Common Market liberalization policies. As more foreign firms settled on French soil, SMEs found themselves in a particularly vulnerable position due to alleged neglect and financial discrimination from the French government and domestic banks. In the postwar era of economic instability, government administrators and technocrats adopted a "bigger is better" mentality, thereby preferring to extend credit to large enterprises. These companies had a superior capacity, so the officials reasoned, to boost the nation's industrial and economic power as France attempted to regain its superpower status in the postwar world order. Scorned SMEs, with their "mismanagement, backward facilities, and lack of technology," thus had no choice but to pursue American financial support.[31] Documents from the archives of the Banque de France, however, reveal that unsympathetic domestic banks were not the sole culprits for the financial woes of SMEs. Rather, these enterprises typically had narrow profit margins that "reduced their self-financing capacity in productive investment."[32] For the purposes of this study, what is more of interest is the fact that SMEs turned to American investors because "they wished to maintain their independence," and they believed that "Americans provided their subsidiaries with greater autonomy."[33] Kuo documents seventy instances in which American entrepreneurs recognized a general need and desire for their capital and acted on the opportunity accordingly.

Kuo's study focuses primarily on injections of American capital into the French economy—a practice markedly distinct from that of an American enterprise assuming a physical presence on French soil. In other words, while American financial support could shield French domestic firms from foreign competition, American enterprise was itself a formidable rival. Four

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[31] Kuo, 142.
[32] Kuo, 142.
[33] Kuo, 141.

French companies in Kuo's sample even "looked for American partners that were potential rivals…to avoid competition with them."[34] Therefore, in addition to a temperamental French workforce, American investors sometimes contended with antagonistic French businessmen who feared the threat of American economic domination.[35]

The study does ultimately reveal that when French firms resorted to American capital, they did so out of necessity and in reaction to Common Market policies. Thus, insofar as Marshall Plan politics accelerated the timeline of postwar European integration, the Plan also secured a prominent long-term position for American investment within the European economy. However, the nature of this investment (i.e., whether through capital injections or the creation of foreign subsidiaries) did inform the French response.

B. The French Government

The French government posed a risk to American investors in part because investors feared the possibility of abrupt nationalizations. The nationalizations of the immediate postwar period had left an imprint on the minds of American observers. When addressing an American audience in 1946, Léon Blum was careful to remind his listeners that French internal policy decisions did not preclude the government from maintaining an outward policy of economic openness and trade liberalization.[36] His speech was a thinly veiled attempt to assuage American fears regarding French nationalizations. These nationalizations were troublesome for several reasons. First, they signaled a national ethos of heavy government involvement in economic affairs. For American investors accustomed to a free-market system, this unfamiliar climate was

[34] Kuo, 140.
[35] Johnstone, *United States Direct Investment in France*; Kuisel, *Seducing the French: The Dilemma of Americanization*.
[36] Blum, "Exposé fait le lundi 25 mars 1946, à Washington, devant le National Advisory Council."

likely to generate unease. Secondly, though the legal code included a provision for the rightful compensation of nationalized companies, the government itself determined the amount of remuneration. As such, corporations worried that, in the event of nationalization, the French government might not offer an amount of compensation matching internal valuations of the company. D'Andlau maintained that these fears were unwarranted. He noted that

> In all cases except one (the Renault firm, which was nationalised without compensation as a sanction for collaboration with the enemy), [nationalisations] involved sectors which were vital to the economic life of the nation, and where conditions were often such that profitability was low or negative, making it impossible for private firms to assume the necessary heavy investments (especially in the power sector).[37]

Nevertheless, various American investors were unable to shake this negative impression.[38] The French themselves were aware of the American aversion to nationalizations. A 1950 *Le Monde* article noted that

> Nationalizations have produced, in the country of free enterprise, an impression that has not yet been erased, and their reappearance in the pre-electoral discussions of certain political parties renders these worries not unjustifiable.[39]

Whether or not the press coverage provides an accurate representation of investor sentiments, it at least points to a potential source of tension between American enterprise and the French government. The postwar period saw extensive government involvement in the French national economy, especially as it concerned the development of a national investment program—the

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[37] d'Andlau, "The Condition of American Private Direct Investments in Continental France, 1946-1956," 88.
[38] Hargrove, "Investment in France: Statism Has Stemmed the Flow of American Capital."
[39] Les nationalisations ont produit au pays de la libre entreprise une impression qui n'est pas encore effacée, et leur réapparition dans les discours préélectoraux de certains partis n'est pas sans justifier certaines inquiétudes." "Les capitaux américains s'intéressent-ils aux valeurs françaises?"

Monnet Plan. Against the backdrop of heavy government intervention, American investors struggled to envision their own role in the context of a planned economy.

C. Complexity of the Regulatory Environment

Perhaps one of the clearest manifestations of French government apprehension toward American business is the development of complex regulatory codes that may have deterred American FDI in France. These codes were, of course, applicable to foreign investors of all national origins. Nevertheless, given that almost half of all FDI in France between 1946 and 1956 came from the US, American investors contended with these regulations to a high degree.[40] Wartime changes in these regulations further showcased French antipathy to FDI, demonstrating a return to protectionist policies that had prevailed in early-twentieth-century Western Europe. In its 1948 installment of the series *Establishing a Business in France*, the US Department of Commerce (DOC) reflected on the relative ease with which foreign investors could pursue business opportunities in prewar France:

> Prior to the war, the organization by foreigners of a commercial concern of practically any type was a comparatively simple procedure in France, and with the exception of a few cases, no special authorization was required to do business. Americans could exercise the same commercial rights as French citizens upon compliance with a fairly small number of regulations involving no great difficulty.[41]

By contrast, the early 1940s saw the imposition of new rules "so complex that the services of competent legal counsel [were] necessary" to facilitate foreign entry.[42] The DOC report

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[40] d'Andlau, "The Condition of American Private Direct Investments in Continental France, 1946-1956."
[41] U.S. Department of Commerce, Office of International Trade, *Establishing a Business in France* (Washington, DC: U.S. Dept. of Commerce, Office of International Trade, 1948), 1.
[42] U.S. Department of Commerce, Office of International Trade, 1.

highlighted two key elements of the regulatory process—the requirement for a commercial permit and the requirement for approval to invest foreign funds in France. Any foreign individual seeking to reside and transact business in France required a Carte de Sejour (Residency Card) if he was to remain in France for a period longer than three months. This card was in addition to the Carte de Commerçant (Businessman's Card), which permitted a foreigner to "exercise a commercial or industrial activity."[43] The Residency Card was frequently readily available, but approval for the Businessman's Card consisted of a screening process whose criteria were often unclear and undisclosed to prospective investors. Moreover, while "obtaining this card present[ed] little or no difficulty" for representatives of certain industries, "in some cases applications [were] refused" after a lengthy review process spanning several months.[44] French authorities offered little, if any, explanation regarding the reasons for a refusal, adding an additional layer of ambiguity to the process. Notably, more favorable circumstances existed for the American businessman in France just three years prior to the DOC's 1948 report. In a 1945 issue of the DOC's *Foreign Commerce Weekly*, the magazine's most recent reporting on France included an account of the country's decision to facilitate the visa procurement process for American businessmen whose presence would "materially aid France in meeting its essential requirements for civilian consumption and reconstruction."[45] In the three years that followed this policy decision, the French economy had entered upon a trajectory of postwar industrialization and economic growth, which, by creating a sense of renewed national autonomy, allowed the country to become more selective in its dealings with foreign businessmen. The 1948 regulations

[43] U.S. Department of Commerce, Office of International Trade, 5.
[44] U.S. Department of Commerce, Office of International Trade, 5.
[45] U.S. Department of Commerce, "New Foreign-Travel Developments," *Foreign Commerce Weekly* (Washington: U.S. Dept. of Commerce, May 12, 1945), 20, https://catalog.hathitrust.org/Record/000051417.

thus had the potential to dissuade entrepreneurs who might have invested in France under previously more welcoming circumstances.

Further regulations dictated the treatment of foreign capital inflows. In September 1939, certain additions to French business law instituted restrictions regarding "capital exports, exchange transactions, and gold trade in time of war."[46] Though they originated as a response to wartime economic conditions, these changes later outlived the war, becoming a permanent fixture of French economic policy. For the prospective American investor, the most notable revision was the creation of the Exchange Control Office (Offices des Changes) under the Ministry of Finance, which marked the "inaugur[ation] of a system of authorization for foreign investment."[47] The 1948 DOC report did acknowledge that "…unless there are factors present which outweigh the benefit of the investment of the foreign exchange, the Exchange Office will generally grant its approval to foreigners."[48] However, the Ministry of Finance did reserve the right to deny applications or to enlist further evaluative support from the Ministry of Industry and Commerce.

Writing in 1965, economist Allan W. Johnstone offered theories as to why the French government may have been hesitant to allow an unrestricted inflow of American foreign capital in France. Johnstone's analysis is especially useful in that it separates French apprehensions into two distinct categories: those from French businessmen, who feared the threat of American competition, and those from government officials, who were more sensitive to national economic concerns. The sentiments of the former group are more indicative of the social landscape, whose contours the above analysis has described in detail. The latter group, on the other hand, recalled

[46] Rosine Dusart, "The Impact of the French Government on American Investment in France," *Harvard International Law Club Journal* 7, no. 1 (1966 1965): 91.
[47] Dusart, 91.
[48] U.S. Department of Commerce, Office of International Trade, *Establishing a Business in France*, 3.

the "chronic dollar deficits" that plagued France during wartime and in "the early postwar years."[49] Protectionism seemed to be a viable means for preserving French economic interests and the nation's trade balance vis-à-vis the dollar zone.

Despite these clear challenges in penetrating the French market, some American corporations found that the benefits of doing so did outweigh the costs. A 1960s study of American FDI in France found that American investment almost doubled in the five-year period beginning with 1950.[50] In 1956, American FDI totaled $426 million, which comprised 1.07 per cent of French national income and 0.12 per cent of US national income. However, these already modest values seem even less significant when taking into account that American FDI comprised 2.74 per cent of the national income of the Netherlands in the same year.[51] This discrepancy may be the result, at least partially, of the deterrents and barriers to entry that the previous section outlined. In addition to these on-the-ground complications, France may have seemed less attractive to American investors for more monetary reasons. Between 1949 and 1956, for example, the rate of return on investments in France was consistently lower by 1 to 3 per cent than yields in other European countries.[52] These lower yields likely resulted in part from higher political instability and social costs (e.g., wages, pensions, and health care for workers). Nevertheless, economic factors such as inflation and low worker productivity may have also played a role in dampening returns.

D'Andlau noted, too, that once in France, American corporations "behaved" differently in comparison to how they may have conducted business affairs in other European countries. For example, corporations relied heavily upon "undistributed subsidiary earnings" when financing

[49] Johnstone, *United States Direct Investment in France*, 34–35.
[50] d'Andlau, "The Condition of American Private Direct Investments in Continental France, 1946-1956."
[51] d'Andlau.
[52] d'Andlau, 74.

new investment projects in France. These earnings refer to capital not yet transferred across the Atlantic. When considering all sources of financing, undistributed subsidiary earnings accounted for 79.2 per cent of FDI financing in France, while the same proportions were 68.9 per cent in all of Europe and 46.15 per cent globally.[53] This phenomenon can point to an unwillingness to inject new capital into the French market even after having established initial operations. Investors often look upon this foreign capital as "gambling money" that can support less certain business ventures abroad. D'Andlau, however, maintained an optimistic interpretation of this financial peculiarity. Making heavy use of subsidiary earnings may, in fact, reflect a satisfaction with the French economic environment. That is, rather than pulling out of the market entirely, investors began to see that French investments offered relatively attractive returns, so they chose—intentionally—to continue pursuing similar business opportunities in this foreign marketplace.[54]

On this front, the case study that follows assesses one company's evaluation of and ultimate experience in the French economic marketplace. While Honeywell's impressions are not representative of all American investor sentiments, they can nevertheless build upon existing analyses of the French business environment. Additionally, the case study deconstructs the decision-making processes of Honeywell's administrators. Even if the company recognized the potential disadvantages and risks of opening a French subsidiary, the management still concluded that the benefits of doing business in France ultimately outweighed the costs. Finally, the case study further points to instances in which the legacy of the Marshall Plan modified the above cost-benefit analysis. That is, while the Plan was primarily a defense against communism, its economic and political implications often spilled over into the private sector.

[53] d'Andlau, 79–85.
[54] d'Andlau, 85.

III. The Case Study of Honeywell Inc.

In a 1960 history of the company, C.W. Nessell wrote that "the common denominator…of Honeywell products is automatic control," which, "reduced to its simplest terms…is a device that measures change and transforms the change into some useful work."[55] When the company first opened in 1885, this "useful work" occurred in the realm of domestic heating systems. Inventor Alan Butz had created a device that controlled fires automatically: "a thermostat-controlled damper motor equipped with a crank arm connected to the dampers of the coal-fired furnace or boiler by chains or wires."[56] This device had the potential to revolutionize the heating industry—if anyone could be made to care about it. Though Butz was responsible for inventing the device at the heart of the company, he lacked the business acumen necessary to increase sales and awareness in a budding industry. Much of the company's early struggles amounted to "marketing problems," whereby "manufacturers of heating equipment seemed to ignore the possibilities" and opportunities that could arise by creating products that were compatible with Honeywell's controls.[57] More concretely, "the great majority of furnaces of the day had sliding valves in the flue rather than flapper valves which the product was designed to control."[58] Recognizing that his skills lay in invention and engineering, Butz turned to W.R. Sweatt, son of a Vermont banker, for assistance in getting his company—then called the Consolidated Temperature Controlling Company—off the ground. Sweatt and his two sons "led the automatic temperature control industry [from] its inception and [did] more to popularize and

[55] C. W. Nessell, *Honeywell: The Early Years* (Minneapolis, Minnesota: Minneapolis-Honeywell Regulator Co., 1960), 23.
[56] Nessell, 4.
[57] Nessell, 12.
[58] "Honeywell: First in Control" (n.d.), Information Systems: European Operations, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.

develop automatic heating than any other group in the world."[59] The elder Sweatt "lay the foundation for the advertising policy of the company."[60] He and his employees attempted to reach homeowners directly through door-to-door sales and magazine advertisements. In this way, heating equipment manufacturers would soon recognize the importance of adapting to the changing demands of a newly informed clientele.

Sweatt's management also helped to solidify the character and identity of the company. Early in its history, the company had undergone a series of name changes: from the original Consolidated Temperature Controlling Company (1885) to Electric Thermostat Company (1890) to Electric Heat Regulator Company (1894) to Minneapolis Heat Regulator Company (1912).[61] This final name remained until 1927, when Sweatt supervised "an event of great significance to the future of the company and to the entire heating industry": the merger between the Minneapolis Heat Regulator Company and the Honeywell Heating Specialties Company of Wabash, Indiana.[62] The newly minted Minneapolis-Honeywell Regulator Company combined the technical knowledge and industry clout of both companies for the purposes of benefitting the overall enterprise and its customers.

From its new position at the summit of the controls industry, the company continued to search for growth opportunities. In 1927, just three years after the fateful merger, Honeywell took its first step toward becoming a true global corporation by establishing a wholly-owned foreign subsidiary in Toronto.[63] Though the subsidiary initially focused on conducting sales in Canada, it "began assembling Minneapolis-Honeywell products in its own factory" in 1936.[64]

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[59] Nessell, *Honeywell: The Early Years*, 3.
[60] Nessell, 11.
[61] Nessell, *Honeywell: The Early Years*.
[62] Nessell, 21.
[63] Jeffrey L. Rodengen, *The Legend of Honeywell* (Fort Lauderdale, FL: Write Stuff Syndicate, 1995), 134.
[64] Rodengen, 134.

Success in the Canadian market quickly inspired the company to turn its attention overseas: to Europe.

In 1934, when searching for "the ideal window into Europe," Honeywell gravitated to the Netherlands, with its "stable currency" and "liberal commercial policies."[65] The company could use the free port facilities of Amsterdam to store its equipment and make foreign shipments while foregoing the payment of customs duties. Honeywell management made the astute business decision to view the European continent as one cohesive marketplace. As former Honeywell chairman Edson W. Spencer wrote in 1993, "Honeywell was ahead of many American and most European companies in regarding Europe as a single market."[66] The ECA's future push for European integration proved this early predilection to have been prescient. However, the benefits of this business approach would not themselves materialize until after the conclusion of the Second World War, when a European dollar shortage would threaten the feasibility of business transactions across the Atlantic. At this point, Honeywell would leverage its position on the European continent for the purposes of sustaining its foreign operations. In the mid-1930s, not yet aware of the events that would unfold, the company proceeded cautiously in Europe, still mainly focusing on the distribution of American-produced goods. Tom McDonald, the first manager of the company's Toronto subsidiary, was optimistic in his assessment of Honeywell's export growth potential, and he noted that "expansion into world markets helped stabilize seasonal and regional trends, giving the company a 'balanced demand' for its products."[67] In 1942, the company established an Export Department to aid in the continued growth of overseas distribution. In the early years, Honeywell had conducted international

[65] Rodengen, 134.
[66] Edson W. Spencer, *Honeywell International History* (Minneapolis, Minnesota: Honeywell, Inc., 1993), 11.
[67] Rodengen, *The Legend of Honeywell*, 135.

business principally by responding to overseas orders and inquiries.[68] The new Export Department instead engaged in active promotion, artificially "creating" a new demand for Honeywell's controls.

Then came the war. While some consumer-driven corporations may have suffered due to wartime economic slowdowns, Honeywell leaned into its identity as an industrial manufacturing firm and responded to government military orders. Engineers and researchers rose to the occasion as "the company diversified outside its normal field of operations and became the sole supplier of tank periscopes to the allied armies."[69] Engineer Bill McGoldrick even discovered that "one of the control circuits in an advanced commercial heating system could be used to control a bombing run with great accuracy."[70] Unfortunately, even as government orders drove domestic demand, the company's foreign subsidiaries—located closer to the frontlines—did encounter several operating complications. Aside from decreases in sales, subsidiary managers felt pressure from the tensions of the wartime climate. According to a 1979 article from *The Honeywell World*, "Dutchmen Theo Hollema and [A.S.] Tasseler went underground to keep their subsidiary from falling into the hands of the Nazis. They sold their inventory piece by piece to buy food. When that was gone [*sic*] they ate tulip bulbs to stay alive."[71] Apocryphal as it may seem, former chairman Edson W. Spencer later confirmed this account in his 1993 commentary on Honeywell's international business.[72] Moreover, despite "enjoy[ing] diplomatic protection from the US embassy," company headquarters refrained from sending supplies and materials to the Dutch subsidiary for fear of asset seizure.[73]

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[68] Spencer, *Honeywell International History*.
[69] "Honeywell: First in Control."
[70] "Honeywell: First in Control."
[71] Jerry Norbury, "International Looks Forward to $1 Billion Milestone," *The Honeywell World*, September 17, 1979, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[72] Spencer, *Honeywell International History*.
[73] Rodengen, *The Legend of Honeywell*, 136.

These negative wartime experiences did not, however, dissuade the company from continuing and expanding its overseas operations. As the war's end approached, Honeywell looked to overseas markets with renewed fervor. Sweatt appointed a "postwar planning committee" in 1945 to discuss the return to a primarily civilian consumer base.[74] More than merely expanding upon existing production, Sweatt hoped to tap into new fields and markets. In this same year, the company established an International Division for the purposes of "coordinat[ing] all company sales activities in connection with…subsidiaries and to foster trade in other foreign markets."[75] Unfortunately, the postwar economic environment of Western Europe posed a nonnegligible threat to Sweatt's master plans. The company's 1946 Annual Reported noted that "the volume of sales to foreign buyers is, and will continue to be, greatly influenced by the customs and exchange restrictions imposed by other governments."[76] The governments in question had already exhibited an inclination toward protectionist policies in the aftermath of the First World War. The fact that "such restrictive measures [were] already… in effect" in 1946 left little hope that governmental approaches would differ substantially this time around.[77] The new International Division did not, however, retreat from the challenge. In 1946, Division Chief Bill Westphal expressed a desire to one day enter European countries such as Switzerland, Norway, and France despite a clear acknowledgement that "'they're still recovering from the war.'"[78] Fortunately for Honeywell, the "powers that be" in the American government

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[74] Rodengen, 105.
[75] "Minneapolis-Honeywell Regulator Company Annual Report - 1945," *America's Corporate Foundation* (Ann Arbor, MI: ProQuest Annual Reports, 1945), https://www.proquest.com/annualreports/docview/88182990/citation/F6BE11F8EB3E482APQ/1.
[76] "Minneapolis-Honeywell Regulator Company Annual Report - 1946," *America's Corporate Foundation* (Ann Arbor, MI: ProQuest Annual Reports, 1946), 7, https://www.proquest.com/annualreports/docview/88184889/citation/87ED2CA48F564519PQ/2.
[77] "Minneapolis-Honeywell Regulator Company Annual Report - 1946," 7.
[78] "All Nations Want M-H Controls," *Minneapolis-Honeywell Circulator*, December 14, 1946, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.

did not observe passively from a distance as Europe worked to recover economically. Rather, certain American initiatives, the most significant of which being the Marshall Plan, contributed to an accelerated pace of postwar recovery in Europe.

The decision to enter a new country in the aftermath of a major world war is no triviality for any corporation. After the Second World War, the economies of Western Europe were economies in transition, many of which lacked the purchasing power necessary to support domestic firms—let alone foreign entrants into the domestic market. Notwithstanding these major considerations, American foreign aid improved business conditions in Western Europe, thereby facilitating Honeywell's overseas expansion efforts. In a 1984 interview, the managers of Honeywell's Dutch subsidiary stated that the implementation of the Marshall Plan had created new European business opportunities for the company.[79] According to Theo Hollema, the war had interrupted German supply flows to the countries of Western Europe. Germany's neighbors therefore required a new source of machinery and controls. The Marshall Plan influence demanded greater European output, but without necessary factors of production, the recipient nations could not address American expectations. To overcome German deficits, American corporations began supplying machinery across the Atlantic. In many instances, however, US companies were unable to acquire import licenses quickly, thus limiting their ability to send factors of production over to Europe. Honeywell's Dutch subsidiary could fulfill these requirements from its privileged position on the European continent. Holding a "subsidiary" status afforded benefits that were unavailable to mere distributors. For the latter, the import license slowdowns proved damaging to business. Honeywell's Dutch subsidiary could avoid this logistical hurdle.

[79] Tas Taselaar and Theo Hollema, interview by Jerry Norbury, September 2, 1984, 23, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.

The Marshall Plan's advantages extended beyond its immediate impacts. Operating from the Netherlands, Honeywell directly reaped the benefits of the Marshall Plan. More indirectly, however, the Plan acted to improve the economic conditions of a war-devastated Europe. Had it not been for the disbursement of American foreign aid, European economic recovery may have been both more prolonged and less comprehensive—as was the case in the aftermath of the First World War.[80] Beyond the importance of monetary aid, the Marshall Plan also transferred an ethos of productivity and modernization to the European continent. As a company specializing in the production of industrial controls, Honeywell benefitted from this new, continent-wide dedication to increases in manufacturing production and industrialization. Moreover, the episode in the Netherlands confirmed a preexisting conviction of the company's management: though international distribution could "act as a buffer against seasonal slack periods in the United States," foreign manufacturing had the potential to meet international demand with a higher degree of immediacy.[81] The company had already begun to embark on the trend toward foreign manufacturing in markets closer to home. In 1945, for example, "the growth of Honeywell activities in Canada made advisable arrangements to acquire a new plant in Toronto to replace the former leased facilities which were no longer adequate."[82] A new pattern had emerged: in countries where Honeywell first entered "conservatively" (i.e., by establishing a distributorship), it soon "move[d] toward a wholly-owned subsidiary" and later "provide[d] for local manufacturing by building a plant and hiring a crew."[83] With this framework firmly in place, Honeywell now set its sights on a more widespread presence in Western Europe.

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[80] De Long and Eichengreen, "The Marshall Plan."
[81] "All Nations Want M-H Controls."
[82] "Minneapolis-Honeywell Regulator Company Annual Report - 1945."
[83] Rodengen, *The Legend of Honeywell*, 139.

Content with the success of subsidiaries in the Netherlands, England, Belgium, and Switzerland, Honeywell turned to France and Italy in 1950. In this year, the company conducted client reconnaissance to assess the availability of business opportunities in France. The study sought to evaluate the French, British, and Italian markets for control devices. An analysis of the resulting report offers insights into American preconceptions regarding the French. Perhaps the only cultural criticism in the report was a reference to the French businessman, specifically, who is apparently “not quite so trustworthy in his business dealings.”[84] As for everyday consumers, however, the report’s author wrote that “the French are receptive, as a nation, to mechanical improvements, both in their industry and in their private lives.”[85] At the time of writing, the French were not “control-conscious” (i.e., aware of domestic and commercial control fields). However, the author remained optimistic about general French receptiveness “because of their interest in mechanics and in the comforts and elegancies of life.”[86] As far as other French consumer preferences, the author identified a concern with the “standing and length of time in business of a manufacturer.”[87] Outdoor advertising techniques might lend themselves well to creating a favorable impression of Honeywell in France. Finally, the author referenced lower overall advertising costs in France as compared to the US, which may have served as a welcome change to American investors. The report’s conclusion includes a comparison between the French and the British, the latter of which the author considered to be “dominated by tradition and the stubborn belief in their own way of doing.”[88] Ultimately, the advertising survey was rather optimistic in its evaluation of French open-mindedness. In the same year, the company’s

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[84] “Advertising Survey of England, France, and Italy for Minneapolis-Honeywell Regulator Company” (June 15, 1950), 10, Box 89, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[85] “Advertising Survey of England, France, and Italy for Minneapolis-Honeywell Regulator Company,” 10.
[86] “Advertising Survey of England, France, and Italy for Minneapolis-Honeywell Regulator Company,” 11.
[87] “Advertising Survey of England, France, and Italy for Minneapolis-Honeywell Regulator Company,” 14.
[88] “Advertising Survey of England, France, and Italy for Minneapolis-Honeywell Regulator Company,” 15.

annual report to stockholders included a statement that “foreign industry has been modernizing its production techniques to a considerable extent in recent years” as a response to ECA demands.[89] These new production techniques often included the use of industrial products that would require Honeywell’s automatic controls.

These promising conditions merited the opening of a new wholly-owned subsidiary in France. Indeed, the groundwork for the development of Honeywell-France had commenced even in the years prior to the release of the above 1950 Advertising Survey. In 1948, Pat Sullivan, then an employee at the International Division, traveled to France to explore the nation’s potential market for Honeywell’s controls. Unbeknownst to him, Sullivan required a work permit as an American businessman engaging in entrepreneurial activities in France. However, because Honeywell-France had not yet become a local legal entity, he would have been unable to acquire a permit even if he had known of this requirement. Sullivan reported that he “was investigated by the French police on several occasion as, apparently, [he] was suspected of espionage activity.”[90] Sullivan also skirted “currency regulations that then discouraged foreigners from purchasing French assets.”[91] Charles M. Denny, who became the general manager of the French subsidiary in 1967, reported in his autobiography that when Sullivan first arrived in Paris, he had “$50,000 sewn inside his tie.”[92] With this sleight of hand, Sullivan avoided “the thickets of French government bureaucracy” that he would later describe to Denny, his eventual successor.[93]

After pursuing a “large business opportunity at Renault,” Sullivan legally established Honeywell-France, S.A. in May 1950.[94] The 1948 installment of *Establishing a Business in*

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[89] “Minneapolis-Honeywell Regulator Company Annual Report - 1951,” 14.
[90] Box 111, International, Internal Memos, “Pat Sullivan”
[91] Denny, *For All Good Things Last Forever: Autobiography*, 147.
[92] Denny, 147.
[93] Denny, 147.
[94] “Letter from H. Cottu-Malakoff to R.L. Michelson” (October 13, 1970), Box 89, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.

France advised that operating in France through a *société anonyme* "may be more advantageous from a taxation standpoint," though whether Honeywell knew of this benefit is unclear.[95] Months later, in December 1950, Honeywell-France opened its first main office in the eighth *arrondissement* of Paris, marking its official entry into the French market. At the time, Honeywell was still "a small company with a total worldwide annual turnover of about $110 million."[96] Overseas sales had the potential to take the company to the next level. In a 1950 article in the *Honeywell Circulator*, the managing director of the London subsidiary offered an enthusiastic endorsement for selling through foreign subsidiaries: "Now we are right on [the potential customer's] doorstep offering to sell and service thermostats and control devices exactly like those installed last week [in] that smart new store" in Minneapolis.[97] Honeywell-France hoped to replicate these same positive conditions when "a half dozen employees set up a sales office on the Rue Marbeuf, just off the Champs Élysées."[98]

Despite initial optimism, the company did experience some setbacks in the six-year interim after its initial incorporation and before the opening of the Amiens factory. *The Honeywell World* reported in 1972 that "growth during those first years was gradual, largely because strict import limitations made it difficult to obtain import permits for anything except industrial projects."[99] Indeed, this problem was not unique to France. The London subsidiary manager had complained, in 1950, of an all-too-common situation whereby "the sales engineer may get his customer's signature on the proverbial dotted line only to find that he cannot fulfill

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[95] U.S. Department of Commerce, Office of International Trade, *Establishing a Business in France*, 2.
[96] James H. Binger, "Honeywell in France," October 16, 1972, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[97] James J. Fraser, "How We Sell Overseas...and Why," *Minneapolis-Honeywell Circulator*, May 12, 1950, 5, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[98] "Honeywell S.A. in France," *The Honeywell World*, March 6, 1972, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[99] "Honeywell S.A. in France."

delivery because an import license is refused—on the grounds that a 'conceivable substitute' is available with the tag 'Made in England.'"[100] In France, specifically, import restrictions would not ease until 1958.[101] Dollar shortages also posed a substantial obstacle to overseas operations in the postwar period. Potential buyers were unable to place orders due to a lack of foreign currency. Indeed, dollar deficits were often responsible for the above import restrictions; with a limited supply of dollars, European governments typically approved only those purchases that were absolutely necessary (e.g., raw materials and foodstuffs).[102] Fortunately, the provisions of the Marshall Plan had the potential to improve business prospects in Western Europe. Honeywell's 1951 Annual Report stated that "continued ECA aid to foreign countries and increased off-shore purchases of raw materials by the United States…contributed to a more plentiful dollar supply in foreign lands."[103] Additionally, even in places where the ECA impact was less immediate, Honeywell had already resolved to commence overseas manufacturing as an additional hedge against currency restrictions.

In 1949 Honeywell had opened its first overseas manufacturing facility in Newhouse, Scotland, for the same reasons that would soon inform the company's decision to construct its first French factory in 1956: exchange limitations and import license restrictions.[104] In France, there also existed the additional complication of high tariffs. Manufacturing Honeywell products on European soil helped the company overcome any "sales frustration[s]" arising from Europe's "acute dollar shortage."[105] Despite the ECA's best efforts to equip European customers with

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[100] Fraser, "How We Sell Overseas...and Why," 5.
[101] "Honeywell S.A. in France."
[102] Fraser, "How We Sell Overseas...and Why."
[103] "Minneapolis-Honeywell Regulator Company Annual Report - 1951."
[104] "Honeywell International Historical Sketch" (1965), Box 20, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota; "Minneapolis-Honeywell Regulator Company Annual Report - 1948"; Spencer, *Honeywell International History*, 6.
[105] Fraser, "How We Sell Overseas...and Why," 5.

American dollars, Honeywell correctly recognized that overseas manufacturing offered a more efficacious solution to the currency problem. As European production grew in the early 1950s, Honeywell's foreign operations shifted and expanded considerably. Just one year prior to the 1956 French factory opening, Honeywell recommenced the inclusion of its foreign subsidiaries in its general accounting system (the company had originally "discontinued the consolidation of [its non-Canadian] foreign operations because of wartime conditions" fifteen years earlier).[106] Moreover, management resolved to finance "future development and expansion programs abroad" using "retained earnings of the local subsidiaries or by local borrowing," thereby adhering to a trend that historian d'Andlau had identified in his work on the topic of American FDI in France.[107] Such was the company's overall position when it broke ground on the construction of its Amiens factory in the early spring of 1956.

Despite general American fears to the contrary, the French reception was relatively warm. The Amiens Chamber of Commerce was pleased to welcome Honeywell into the new "industrialized zone" it had begun to develop in Amiens, a city that "until then was best known as the center of an agricultural area…and the site of France's largest Gothic cathedral."[108] Roger Dumoulin, president of the city's Chamber of Commerce placed the ceremonial first stone on the building, which would hold 4,000 square feet of production space.[109] At the ceremony, Dumoulin also called upon the residents of Amiens to enroll in a soon-to-come "technical

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[106] "Minneapolis-Honeywell Regulator Company Annual Report - 1955," *America's Corporate Foundation* (Ann Arbor, MI: ProQuest Annual Reports, 1955), https://www.proquest.com/annualreports/docview/88191584/citation/FDEACD0E89844FA2PQ/1.
[107] "Minneapolis-Honeywell Regulator Company Annual Report - 1955"; d'Andlau, "The Condition of American Private Direct Investments in Continental France, 1946-1956."
[108] "Honeywell S.A. in France."
[109] "Sur la Zone industrielle d'Amiens: Le président Dumoulin a posé la première pierre de l'usine Honeywell et confirmé la venue probable de la firme Dunlop et d'autres établissements importants," n.d., France Photo Scrapbook, Box 13, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota; "Honeywell S.A. in France."

school," which would provide citizens with specialized industrial skills and thus modernize the city's workforce. As such, Amiens could continue to attract both foreign and domestic enterprises to the area—all thanks to Honeywell's bold, pioneering entrance. In a 1979 article in the *Honeywell World*, Jerry Norbury wrote of this entrance in effusive tones reminiscent of those that Boyd France had employed in his study of IBM-France.[110] Norbury stated that "Amiens lagged in development until 1956," but after Honeywell entered the zone, "more than three-score factories…followed this lead and the city itself has changed its shape, growing northwestward to envelop this new source of strength."[111] Even as other companies began to populate the city, Honeywell's influence did not diminish. The company doubled the size of its production space in 1958, just as the French government finally began to ease import restrictions. Additionally, though the factory first opened with a staff of twenty-five, by 1979 employment had increased tenfold to 250.[112] Clearly, then, what appears to have been a seamless entry into the French market preceded the more long-term flourishing of Honeywell's overseas business.

In the more than two decades separating the factory's opening from the above 1979 article, Honeywell-France seems to have retained its storied status as the pioneer of the new industrial zone of Amiens—not least because the company was generally astute in its interactions with the locals. Pat Sullivan, the subsidiary's first manager, developed a reputation for his "exploits in entertaining the parent company's customers in Paris."[113] Sullivan's successor, Charles Denny, "came to love the French people, admiring their intelligence and wit, their appreciation of their arts…[and] their focus on the family."[114] Within the Amiens factory,

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[110] France, *The Case Study of IBM in France*.
[111] Norbury, "Honeywell Helped Change the Face of Amiens."
[112] Norbury.
[113] Spencer, *Honeywell International History*, 5.
[114] Denny, *For All Good Things Last Forever: Autobiography*, 148.

the two managers cultivated an emphasis on high-quality client-facing service. They maintained a team-oriented organization and encouraged employees to participate in administrative procedures and idea generation. Through the Winning Edge Campaign, the subsidiary's management welcomed the submission of "work improvement ideas" from factory employees, receiving seventy such proposals "during the first four months of the campaign."[115] In a demonstration of their appreciation for French culture, management offered employees "a case of good French wine" for "each idea put into practice at Amiens."[116] Honeywell's management understood the importance of integrating fully into the local market and society across all foreign subsidiaries. They made efforts to "staff and manage these subsidiaries with [local] citizens," in order to "respect the customs, traditions, and sensitivities of the people and the governments in the countries where we do business."[117] This approach facilitated the company's European operations.

Still, tensions did arise between American managers and French staff. Denny's autobiography reveals a clear tendency toward readily believing negative French cultural stereotypes. Upon his arrival in France in the late 1960s, Denny appreciated Sullivan's support in "protect[ing] him from French employees who took advantage of [his] ignorance in the early months on the job."[118] Denny also criticized "a prickly pride and chauvinism," which "reflected the turmoil and contradiction in the French soul."[119] In other instances, Denny also recognized notable differences between American and French office cultures. He recounts a story in which he confronted a department manager upon noticing that one of his clerks was the fourth highest-

[115] Norbury, "Honeywell Helped Change the Face of Amiens."
[116] Norbury.
[117] Edson W. Spencer, "History of Honeywell in Europe" (June 14, 1983), Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota; Binger, "Honeywell in France," 5.
[118] Denny, *For All Good Things Last Forever: Autobiography*, 148.
[119] Denny, 148.

paid employee in the office. The manager readily admitted that the clerk was his mistress, and Denny proceeded to fire him. At another time, Denny requested that the subsidiary's advertising manager propose a marketing campaign to help raise awareness of the company's growing computer business. The manager proceeded to pitch a campaign involving photos of nude women wearing only fish netting "draped across a computer in a variety of poses."[120] When Denny shut down the campaign, his French employees could not seem to fathom where they had gone wrong. To be sure, Denny reflected on these occurrences with amusement, conceding that though his staff was "colorful," it was "sprinkled with exceptional talent."[121] Nevertheless, these accounts do demonstrate clear cultural differences between American and French workplace practices.

While the above circumstances did not in themselves pose substantial obstacles to the factory's regular functioning, Denny's autobiography does include an assessment of the French political climate and its negative impact on Honeywell-France. Namely, the American manager asserted that the Communist Party constituted a strong force in the city's internal political dynamics. This influence did not directly impact Honeywell's operations until May 1968, when students and workers erupted in protest due to perceived inadequacies in the national education system and in workplace regulations.[122] The Amiens factory joined other enterprises in the industrial zone as they went on strike. However, Denny arranged a meeting with the union chiefs of the area, and he was successful in negotiating the return of the factory workers the following day.[123] Much of Denny's writing on the topic points to Honeywell's "exceptionalism." When strikers from other enterprises marched through Amiens, causing damage to the factories in the

[120] Denny, 157.
[121] Denny, 157.
[122] Denny, 160.
[123] Denny, 160.

zone, Honeywell remained unscathed. When other factories could not operate due to transportation delays and delivery disruptions, Honeywell procured gasoline from its Belgian and German subsidiaries, who drove trucks across the borders at night in order to provide this "precious commodity."[124] Moreover, the Vice President of Finance had made the astute decision to withdraw "'several million francs from the bank and keep it in [the subsidiary's] safe'" on the day the strike began, thus ensuring that factory workers could continue to receive their pay in cash.[125] Denny speculated that Honeywell's experience differed because it was the only foreign-owned company in the region. The company's workers exhibited a sense of solidarity and allegiance to their American employer.

De Gaulle's government collapsed shortly after the May 1968 protests, marking a significant shift in the French political climate. French public rhetoric in the years after this presidency would come to assume a friendlier tone vis-à-vis American business. However, even under de Gaulle's apparent anti-American slant, investors from the US clearly fared well in the French marketplace. Through its emphasis on European integration, trade liberalization, and industrialization, the ECA positively influenced the nature of the postwar business climate in Western Europe. Honeywell did well to take advantage of these more favorable circumstances.

IV. Discussion

By design, to draw conclusions regarding the "ECA impact" is to imply that the situation in Western European may have proceeded differently had it not been for the disbursement of Marshall aid. Economic historians have indeed attempted to support this claim by using the country of Argentina as a counterfactual "case study" whose long-term economic deficiencies

[124] Denny, 162.
[125] Denny, 162.

solidify the importance of American foreign aid in the aftermath of the Second World War.[126] Given its location in South America, Argentina's situation may not serve as an exactly analogous case to that of the Western European countries. Economist José Carrasco-Gallego corrects for this potential defect by utilizing the country of Spain for his counterfactual case study.[127] His work especially focuses on the importance of the Marshall Plan in establishing the framework for key international organizations, which would ultimately afford their members certain economic advantages. All in all, these country counterfactuals suggest that the Marshall Plan produced tangible positive results in the domestic economies of the recipient nations. As it concerned the American private sector, overseas economic conditions then informed the ability of American enterprise to successfully enter the European marketplace. Some elements of the Marshall Plan were especially advantageous for the prospective American overseas investor. Looking at the above Honeywell case study, the ECA improved the conditions for American FDI in France (and in Europe) through three primary channels: 1) by demanding European trade liberalization and unification, 2) by instilling an ethos of productivity and industrialization in recipient nations, and 3) by remedying the European dollar shortage.

First, the legacy of interwar economic protectionism in Europe created numerous complications for Honeywell in the company's initial overseas activities. The company experienced slow growth in its original French subsidiary as a result of import restrictions and high tariffs. In his 1983 memo "Honeywell in Europe," former chairman Edson W. Spencer rightly noted that "protectionist legislation or regulation is detrimental to real economic growth."[128] The ECA was itself sensitive to the difficult realities of conducting American

[126] Diego Comin and Bart Hobijn, "Technology Diffusion and Postwar Growth," *NBER Macroeconomics Annual* 25, no. 1 (2011): 209–46, https://doi.org/10.1086/657531; De Long and Eichengreen, "The Marshall Plan."
[127] Carrasco-Gallego, "The Marshall Plan and the Spanish Postwar Economy."
[128] Spencer, "History of Honeywell in Europe."

business in a nationalistic Europe. The agency thus utilized the conditionality of Marshall aid as a tool in pushing for increased European trade liberalization. The abolition of protectionist policies facilitated overseas transactions and interactions between the domestic parent company and its overseas subsidiaries. Notably, ECA documents reveal a particular emphasis on the abolition of *intra-European* trade restrictions. That is, the agency was interested in seeing Europe act as one unified marketplace. Honeywell was quick to build this concept into its early overseas strategies. Even prior to the formal 1957 creation of the Common Market, Honeywell established its 1945 International Division—and later moved its main offices to Zurich—as a medium for facilitating communication and sales activities across its European subsidiaries.[129] In 1979, the acting Vice President of International Operations noted the management's initial foresight in cultivating a "Honeywell Europe approach, [which] has worked because it fit the growing economic unity of Europe."[130] Much of this growing unity directly resulted from the ECA's diplomatic efforts and cajoling of European officials.

Next, the ECA worked to transplant a variation of the American model of industrialization and productivity to Europe. The agency provided not only basic relief to Western Europe but also a coordinated long-term recovery program. The principal reason for such an approach was the desire to ensure that Europe could sustain itself in the long run, without a heavy reliance on American foreign aid. In turn, Honeywell benefitted from the astute policy proposals of the Marshall Plan administrators. European modernization created a tangible business opportunity for Honeywell, whose sales staff could convince industrializing nations of the need for automatic controls to augment their modern machinery. This new market potential

[129] "Minneapolis-Honeywell Regulator Company Annual Report - 1945"; Spencer, *Honeywell International History*, 5.
[130] Norbury, "International Looks Forward to $1 Billion Milestone."

also reinforced the belief that foreign subsidiaries were themselves beneficial for business. The company management began to see that "by operating subsidiary companies in the foreign markets we are able to provide factory-trained installation and service technicians and thereby provide our customers with efficient service."[131] As the ECA indirectly created new demand for Honeywell's controls, the company was well-positioned to capitalize on this profitable opportunity.

While the above interventions were of a more political nature, the ECA was principally involved with the disbursement of monetary aid, a practice that likewise created benefits for Honeywell in Europe. Dollar shortages across the continent rendered the purchase of American products infeasible for European consumers. To make matters worse, local governments often responded to currency deficits by imposing stricter import limitations. In 1948, Honeywell's foreign subsidiaries "operated approximately on a break-even basis…due principally to dollar shortages and exchange limitations which reduced sales volume approximately 30 per cent as compared to 1947."[132] By 1951, however, the company finally began to feel the positive effects of ECA dollar aid when export sales reached an all-time high.[133]

Still, Honeywell did not sit idly by as the ECA worked to restore currency stability in Europe. As the monetary effects of Marshall aid slowly took effect, Honeywell was proactive in its foreign operations, again benefitting from the gradual liberalization of European trade policies. With a long-range view, Honeywell reinvested profits from foreign subsidiaries in order to support its investment projects.[134] Additionally, "some of the foreign subsidiaries…borrowed from their local banks" in 1951 as a "hedge against fluctuation in exchange rates, and also to

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[131] "Minneapolis-Honeywell Regulator Company Annual Report - 1950," 14.
[132] "Minneapolis-Honeywell Regulator Company Annual Report - 1948," 6.
[133] "Minneapolis-Honeywell Regulator Company Annual Report - 1951."
[134] "Minneapolis-Honeywell Regulator Company Annual Report - 1955."

augment their working capital."[135] For the sake of giving credit where it is due, though the ECA greatly improved the business conditions for Honeywell in Europe, the company management was itself responsible for the ambitious and successful initiatives that followed Marshall Plan implementation.

[135] "Minneapolis-Honeywell Regulator Company Annual Report - 1951."

EPILOGUE

As it concerns company case studies in the American business historiography, Honeywell's experience seems not to have differed substantially from other examples of American FDI in France. Much in the same way that Honeywell-France remained unscathed in the midst of the May 1968 protests, IBM-France boasted of being "one of the few firms in the country which never has had a strike."[1] Overseas American business advanced rapidly despite initial French fears of "coca-colonization" in the postwar period.[2] This term, which appears in the work of Richard Kuisel, stems from the notion that as American firms established a greater presence in France, they brought with them both their products and their values. That is, aside from posing a competitive threat to domestic firms in France, an influx of American private capital also transplanted the American model of productivity and capitalism into France. According to the French, this model was highly exploitative in nature, leading to worker vulnerability and social instability.[3] Such a dynamic allegedly threatened the various social

[1] France, *The Case Study of IBM in France*, 50.
[2] Kuisel, *Seducing the French: The Dilemma of Americanization*.
[3] Kuisel.

security initiatives that the Popular Front had successfully implemented during the interwar years.[4]

However, the case studies of both IBM and Honeywell reveal that, once in France, American business leaders were generally successful in managing relations with French workers. At IBM, the company management attempted to adapt American parent company policies to suit the "French temperament, customs, laws, economic conditions, and institutions."[5] In many cases, other French companies soon adopted many of these policies upon observance of their positive impact within IBM-France. Similarly, Honeywell sponsored cross-cultural learning and cooperation by organizing training trips whereby French workers traveled to the US and engaged with Honeywell company management. These trips established a greater sense of cohesion and community even as foreign operations expanded geographically. In March 1965, for example, the managers of Honeywell's European subsidiaries visited Minneapolis, where they toured headquarters and participated in a management training course. Two months later, Honeywell's Board of Directors conducted a tour of the company's European facilities, a trip that "confirmed to [the company's] people in Europe that Honeywell is truly a world wide [*sic*] company."[6] That is, European workers came to see that the company was fully invested in the success of its overseas associations. The directors considered the experience to have been "very meaningful" in part because it provided European employees with the opportunity to have "direct contact with Honeywell's top management."[7]

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[4] Nord, *France's New Deal: From the Thirties to the Postwar Era*.
[5] France, *The Case Study of IBM in France*.
[6] Vice President Charles Davis in "Directors Tour European Facilities (News Clipping)," March 15, 1965, Box 94, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[7] "Directors Tour European Facilities (News Clipping)."

The study also reinforces the notion that public-facing French rhetoric regarding American business did not always remain consistent with actual French protocol and business practices. Laureen Kuo's study reveals a tendency amongst French SMEs to seek out American capital as a means for increasing domestic competitiveness.[8] Especially once the Common Market came into existence, a rejection of American business in France did not necessarily spare the French of the American business *influence*; prospective investors could simply choose to invest in another, more welcoming European country while selling their products freely in France. In this way, the French still contended with American competition without benefitting from the increased job opportunities and technical knowledge spillovers that typically resulted from American firm entry in Europe. Given this reality, the French had no choice but to adapt their mentality and create a more welcoming environment for American business. The experience of Honeywell—from the firm's warm reception by the Amiens Chamber of Commerce to the factory's continued success even amongst the protests of May 1968—thus demonstrates that wide swaths of the French business elite did understand the importance of American capital in Europe.

One final note on the Honeywell case study: the analysis has hitherto neglected to comment on one notable aspect of postwar Franco-American transatlantic discussions—French nationalizations. Representatives of the American public and private sectors were aware of and sensitive to the implications of widespread nationalizations in postwar France. This trend seemed to be reflective of a more general French inclination toward national economic planning, which stood in direct contradiction to the system of *laissez-faire* capitalism that reigned supreme in the US. In the decades after this first round of nationalizations, few similar instances arose to

[8] Kuo, "Improving French Competitiveness through American Investment Following World War II."

validate initial American qualms. Still, these fears and worries persisted amongst the American business elite, and Honeywell company management shared these sentiments deep into the latter half of the twentieth century.

In 1970—what proved to be an eventful year for the company—Honeywell purchased the computer interests of General Electric, who held a stake in the prominent French computer company: Compagnie des Machines Bull.[9] Honeywell had demonstrated an interest in the computer industry in the years prior to this acquisition: in 1955, the company joined with Raytheon Corporation to create Datamatic, "a business machines and office computer engineering and manufacturing company."[10] However, the deal with GE was especially significant because it endowed Honeywell with two-thirds ownership of the Honeywell-Bull Corporation in France. For much of the 1970s, Honeywell's computer business—called Honeywell Information Systems (HIS)—enjoyed relative success in France and in Europe as a whole.

In the late 1970s, trouble struck when the French socialists expressed a desire to "nationalize ten major French companies, including Honeywell-Bull."[11] Though the party was not yet in power, company management decided to take preemptive action by negotiating a deal with the existing conservative government. The parent company reduced its ownership in Honeywell-Bull from 67% to 47%, while also absorbing the business of CII, "a government-owned computer company that had been set up in the early 1960s by General de Gaulle."[12] This agreement thus eliminated the company's main French competitor and allowed Honeywell to

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[9] Jerry Norbury, "An Introduction to Honeywell Bull...," *The Honeywell World*, 1971, Box 111, Honeywell Inc. Corporate Records, Minnesota Historical Society, Minneapolis, Minnesota.
[10] Spencer, *Honeywell International History*, 9.
[11] Spencer, 10.
[12] Spencer, 10.

consolidate the product lines of the two companies. Moreover, the deal included a provision stating that in the event of nationalization, "Honeywell would be paid a Haskins & Sells audited book value for its investment."[13] As economist Othenin d'Andau states in his 1958 work, the fear of nationalization often arose from the sense that the nationalizing government may not provide fair compensation to the affected parties.[14] Honeywell was determined to avoid this potentiality. Reflecting on the event in 1993, Honeywell Chairman Edson W. Spencer recalled that the French Ministry of Industry had responded to the company's demands with some level of indignation, asking "'Don't you trust the French government?'"[15] Spencer had answered that though he trusted the conservative government, he "had no confidence in what would happen if the Socialists got elected."[16] Ultimately, the company was right to have taken preemptive action: when the newly-elected socialist government nationalized Honeywell-Bull in 1982, the parent company received the full value of its original investment.

In the final analysis, postwar actions on opposite sides of the Atlantic created a lasting impact that came to influence Franco-American economic relations in the ensuing decades. Much in the same way that French nationalizations left an imprint on the minds of American investors, the legacy of the Marshall Plan informed overseas business transactions and the overall dynamics of the global economy. The Plan was instrumental in bringing about postwar European unification, in leading to the reduction of protectionist economic policies, and in creating a viable market for American goods in Western Europe. These changes, in turn, laid the groundwork for American overseas business in the latter half of the twentieth century and beyond.

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13 Spencer, 10.
14 d'Andlau, "The Condition of American Private Direct Investments in Continental France, 1946-1956."
15 Spencer, *Honeywell International History*, 10.
16 Spencer, 10.

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