

Committee: Economic and Social Council (ECOSOC)

Issue: Regional imbalance development in Europe and Asia due to the Marshall Plan and its problems.

Student Officer: Sihyeon Park

Introduction

The Marshall Plan, often referred to as the European Rehabilitation Program, was an audacious attempt by the United States to give aid for the economic rehabilitation and reconstruction of Europe and East Asia after World War II. In the wake of the battle, the plan was introduced in 1947 to revive economies, restore infrastructure, and promote stability. Widespread agreement exists on whether it significantly impacted Europe, resulting in previously unheard-of economic growth, better living circumstances, and social advancement, and whether Asia was marginalised in the meantime and left behind. However, significant problems started to occur as Asia was given a disproportionately small portion of the benefits that the Marshall Plan provided. While Europe experienced the advantages of the aid, many countries in Asia, particularly those that the war had severely damaged, were left comparatively underserved and were forced to contend with their own economic and developmental challenges. This imbalance had far-reaching consequences for the region, which continue to resonate to this day. In this program, we look into those effects that continue to cause economic disparities, have political ramifications, and, most importantly, limit infrastructure development.

Definition of Key Terms

Regional Imbalance

Regional Imbalance refers to the Marshall Plan's influence on the discrepancy in development between Europe and Asia. It acknowledges that while Asia grappled to make significant strides, Europe saw immense progress, resulting in an imbalance of the regions.

Marshall Plan

The Marshall Plan refers to a post-World War II initiative launched in 1947 by the US to aid and fund Europe's reconstruction. Significant progress and advancement have occurred in Europe. However, Asia's development was barely affected, further triggering regional imbalances between Europe and Asia.

Development in Europe

The term "development in Europe" refers to rebuilding and making advancements across the continent in the decades after World War II. The war left Europe in ruins, but with the huge aid from the Marshall Plan, the continent started its journey towards healing and made significant strides.

The Marshall Plan, which offered enormous financial and technical assistance, was an essential component in the successful reconstruction of Europe. With this assistance, economies were kickstarted, industries were revived, and critical infrastructure was reconstructed. In addition to this, it encouraged European states to work together economically and form partnerships. The Marshall Plan had a significant influence, allowing Europe to meet humanitarian needs, promote political stability, and build the groundwork for future growth. It turned countries that had been devastated by war into countries with booming economies, thereby paving the road for growth and prosperity all throughout the continent.

Development in Asia

In the decades that followed the end of World War II, Asia saw a period of reconstruction and advancement, which is referred to as "development." During the war, Asia, much like Europe, was exposed to massive destruction; yet, in contrast to Europe, it received both slow and insufficient help. Due to the fact that Asia was excluded from receiving aid under the Marshall Plan, the continent wasn't given major financial or technical support during the rebuilding process. As a direct consequence of this, Asia had a difficult time bouncing back quickly, and many nations were unable to recoup from the damage done by World War II. The process of rebuilding in Europe got off to a strong start with significant assistance. In contrast, the recovery process in Asia didn't get underway until just recently, which has resulted in Asia's development being more sluggish and protracted. Asia was left defenceless and weak due to the absence of support from the Marshall Plan, which negatively influenced the region's ability to revitalise economies, restore infrastructure, and improve living standards. As a direct result of this, Asia was forced to contend with considerable regional imbalances in comparison to Europe's progress.

History

The Soviet Union and the United States have been allies since World War II. But as the war came to a close, the narrative started to shift as the Soviet Union defeated Germany and started to encircle Eastern European nations. The Soviet Union quickly increased its communist forces within the occupied territories under the name of communism, and a subtle confrontation with the United States started around this time. Despite unprecedented damage from the War shortly after World War II, the Soviet

Union still had strong national power and technological skills. This is called a 'cold war'. The Marshall Plan, which was formerly referred to as the European Recovery Programme, was launched by the United States government in 1948 in order to provide assistance to the countries of war-torn Europe in their efforts to rebuild following World War II. However, it was not merely an effort to help people in need; rather, one of the key goals that lay beneath the surface of the plan was to stem the tide of communism's advance, particularly in Western Europe. Through the provision of considerable financial support and assistance in the form of technical assistance, the Marshall Plan sought to bolster European economies, improve political stability, and consolidate Western alliances in the immediate aftermath of World War II. Its ultimate goal was to create a buffer against communist growth. The nations of Western Europe experienced significant economic development and recovery as a direct result of the implementation of the Marshall Plan, which also resulted in improvements to the region's infrastructure and an increase in industrial output. In addition to this, the plan made it easier for the recipient countries to work together more closely on political issues. This helped to pave the way for future initiatives to integrate regional economies, such as the establishment of the European Union. Even though the plan was successful in preventing the growth of communism in Western Europe, as its intended purpose, it also unintentionally generated regional disparities in development, with Asia not receiving help on par with what was given to other regions. The repercussions of these inequalities are still being felt to this day, and they have an ongoing impact on the political and economic environments of both Europe and Asia. Delegates are urged to critically explore the repercussions of the uneven funding distribution under the Marshall Plan and propose ideas to solve the persistent difficulties of regional imbalance in development as part of this MUN agenda.

Significant Parties Involved and Their Views

Nations:

United States of America

By initiating the effort and contributing significant financial help, technological proficiency, and resources to support the reconstruction of war-torn Europe, America played a pivotal part in the Marshall Plan. Its prudence and charity were crucial in promoting regional stability, economic recovery, and opposition to communist encroachment.

Soviet Union

The Soviet Union deliberately discouraged its allies in Eastern Europe from participating in the Marshall Plan by strongly denouncing it. The Soviet Union considered the proposal a threat to their political and economic systems since it was seen as a vehicle for America to expand its power and promote capitalism. They consequently turned down the aid offered under the proposal, further widening the gap between East and West at the time.

International Organisations:

Organisation for Economic Co-operation and Development (OECD)

Founded in 1948, the Organisation for Economic Co-operation and Development (OECD) was fundamental to the success of the Marshall Plan. It encouraged economic cooperation, simplified the coordination, distribution, and monitoring of aid, and provided a forum for member nations to discuss policies and exchange knowledge, all of which contributed to the plan's effective execution.

The Asian Development Bank (ADB)

The Asian Development Bank (ADB) was essential in helping resolve regional disparities in economic growth between Europe and Asia. The Asian Development Bank's (ADB) goal was different from the Marshall Plan, and it was to encourage economic growth and collaboration among Asia's member countries. Since the ADB didn't begin to operate in 1966, the Marshall Plan had already been implemented by that time. The ADB's programmes and initiatives that aim to correct economic distortions and close regional gaps could serve as a resource for the committee's deliberations.

Organisation for European Economic Co-operation (OEEC)

While the OEEC's primary role was to coordinate the distribution of financial and technical assistance to Western Europe, its role could be highlighted during discussions as an example of how regional economic organisations can play a critical role in addressing developmental imbalances. The OEEC's attempts to promote collaboration among European states and its role in postwar reconstruction could be cited by delegates. Furthermore, arguments could focus on how the lack of a comparable organisation in Asia contributed to the development differences between Europe and Asia at the time.

Timeline of Relevant Resolutions, Treaties and Events

| Date | Description of event |
|-------------|---|
| 1947 | U.S. Secretary of State George C. Marshall delivered a speech at Harvard University, outlining the need for a comprehensive aid program to assist war-torn Europe. |
| 1948 | The European countries affected by World War II, along with the United States and Canada, convene in Paris to discuss the implementation of the Marshall Plan. |
| 1949 | The North Atlantic Treaty was signed, establishing the NATO alliance and further strengthening economic and political cooperation among the Marshall Plan countries. |
| 1950 | The Korean War broke out in June 1950, severely impacting the Asian economy. Massive destruction and displacement brought on by the war hampered economic growth and exacerbated regional inequality. |
| 1951 | The Treaty of Paris, which established the European Coal and Steel Community (ECSC), was signed in April 1951. The coal and steel industries were supposed to be integrated as part of this forerunner to the European Union, promoting collaboration and stability in the economy. |
| 1953 | Stalin's death in March 1953 led the Soviet Union to rethink its policy. Some Eastern European countries could pursue limited economic reforms and trade with Western nations thanks to the new leadership under Nikita Khrushchev's less aggressive foreign policy. |

Evaluation of Previous Attempts to Resolve the Issue

The regional imbalance between Europe and Asia has been addressed on a number of occasions since 1947, mainly when Asia was still relatively underdeveloped compared to the West. The Colombo Plan was one of the attempts to solve this. The Colombo Plan was a framework for regional cooperation designed to advance Asia's economic and social growth. It aimed to support Asian nations' industrialisation and close the development gap by offering them technical assistance, financial aid, and training. 1967, ASEAN was established to promote regional cooperation and stability among Southeast

Asian nations. Through initiatives such as the ASEAN Free Trade Area (AFTA), it has aimed to address economic disparities, foster economic growth, and promote closer regional integration.

Possible Solutions

Further discussion should focus on crucial issues to solve the regional development gap between Southeast Asian and European nations. Enhancing regional integration comes first. By implementing programs like the ASEAN Economic Community (AEC), further regional integration throughout Southeast Asia can be encouraged. Bolster regional trade, eliminate trade restrictions, and promote the free flow of money, skilled labour, goods, and services. America also has its currency, and the European Union (EU) is already building an economic community where they share coins.

Bibliography

1. J. Bradford DeLong, Barry Eichengreen. The Marshall Plan: History's Most Successful Structural Adjustment Program. *SSRN*, 16 July 2004
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=226738 Accessed 2 July, 2023.
2. Alexander D. Weissman. Pivotal Politics—The Marshall Plan: A Turning Point in Foreign Aid and the Struggle for Democracy. *JSTER, Society for History Education*, 2013
<https://www.jstor.org/stable/43264189> Accessed 2 July, 2023.
3. Barry Eichengreen, Marc Uzan, Nicholas Crafts, Martin Hellwig. The Marshall Plan: Economic Effects and Implications for Eastern Europe and the Former USSR. *JSTER, Oxford University Press*, 1992 <https://www.jstor.org/stable/1344512> Accessed 2 July, 2023