Truman’s New Deal: Point Four and the Genesis of Modern Global Development

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Abstract
This paper examines the geo-political reaction to President Harry S. Truman’s 1949 Inaugural Address, wherein he catalyzed post-war global development in the form of his Point Four program. Truman proposed sharing American scientific and technical expertise, ostensibly aimed at reducing or eliminating poverty in the developing world. Newspaper accounts and analysis of internal CIA documents reveal domestic and international responses to the policy initiative. Predictably, these responses mostly varied along early Cold War ideological lines. Examining Truman’s plan and other anti-communist American policies in the late 1940s reveals that although global development may have been a laudable effect of the plan, the primary aim was to prevent communism from spreading to countries viewed as vulnerable to subversion. The Cold War imperatives behind the plan seem to have been either implicitly assumed or ignored in the historiography. A brief sampling of Cold War historians shows a lack of explicit attention to Truman’s initiative.

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The Second World War left the developed world shattered. European states that had formerly been colonial powers were left fiscally desperate. With this economic backdrop, the world moved into the Cold War era. The United States, the only major Western power to come out of the war economically stronger than when it entered, was pitted against the Soviet Union, former wartime ally of the United States and the dominant power in Europe, in an ideological struggle of capitalism against communism. The determination of the United States and its allies to prevent the global spread of communism was at the heart of the Cold War. However, the influence of communism needed to be prevented by non-military means, given the destructive nature of the Second World War and the nuclear age that the world entered upon the bombings of Hiroshima and Nagasaki.

The United States employed its economic supremacy as a non-military tactic through programs such as the Truman Doctrine and the Marshall Plan. In January of 1949, President Harry S. Truman gave his inaugural address, wherein he elucidated the Point Four Program. This speech is considered the jumping-off point of international development in the post-war world. Reactions to the address varied along international ideological lines. When Point Four is considered alongside the Truman Doctrine, the Marshall Plan, and the policy of containment adopted

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by the United States, it becomes apparent that its aim was in line with these other early American Cold War policies: the prevention of the global spread of communist influence. This bold program’s primary aim was to halt Soviet expansion—improving people’s lives internationally was secondary.

After Franklin Delano Roosevelt died suddenly in 1945, Truman served out the remainder of Roosevelt’s term and ran for re-election, winning the presidential race in 1948. Therefore, his first inaugural address was in 1949, although he had been president for almost four years. The Marshall Plan—providing a massive influx of American capital to rebuild Europe after the Second World War—was already underway, which addressed European post-war recovery. Truman’s inaugural address proposed aid programs for nations outside the European region, offering American scientific advances and technical expertise.3

In a marked departure from his Truman Doctrine in 1947, wherein he only explicitly mentioned communism once, Truman’s inaugural address left no doubt that communism was the new enemy of the free world. Truman attempted to delegitimize communism by branding it a “false philosophy”: one that espouses man “is so weak and inadequate that he is unable to govern himself” and subjects individuals to “forced labor as the chattel of the state.”6 By delineating the differences between communism and democracy, Truman had clearly framed communism in opposition to American values.

Truman’s rhetoric, regarding the differences between democracy and communism, established the basis of support for four policies: (1) supporting the United Nations; (2) continuing to support European economic recovery; (3) aiding countries in maintaining their freedom; and, most importantly as these courses of action pertain to global development, (4) “making the benefits of [the United States’] scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.”4 Truman declared that the majority of the global population lived in abject poverty, with little hope of economic improvement. That static poverty, he opined, made them a threat to themselves as well as to more developed areas of the world. Truman called on the United States to share technical knowledge and resources, and to lead the effort to increase capital investment in these poor areas of the world.5 Therefore, the final policy goal became the basis of the new program for global development and is important to the analysis of international implications of the policies.

Considering the nascent Cold War period, Truman’s vehement anti-communist plans for global stability and development may have been expected to meet near-universal support. That was not the case, however. In early June 1949, the Wall Street Journal attacked the program in an article entitled “Fallacies of Point Four.” The article’s argument against the program was not that underdeveloped countries should remain underdeveloped, nor was it an argument for isolationism. It was a technical argument that took umbrage with the idea that private capital could be guaranteed by the Treasury and remain private. The Journal took the stance that if the government guaranteed private capital, capital would no longer be private and would instead “take on the character of Treasury loans.”6 A couple of weeks after the Journal article, The New York Times also published an article detailing how Truman aimed to avoid having the United States government guarantee investments. Truman “sought authorization for the Export-Import Bank to make limited and experimental guarantees of private investment...and announced his intention of negotiating treaties with other countries to protect the American investor.”7 Despite his efforts to appease critics, Truman still faced opposition in Congress from legislators unhappy that the program was prioritized over others that awaited their attention and required funding.8 Opposition to Truman’s plan also came from skeptics concerned about the growth of government power, and concerns about the effect that funneling more American capital internationally would have on the American people.9

Truman’s program had its supporters as well. In September 1949, The Washington Post ran an article that detailed the support of the Secretary of Agriculture, as well as two members of the House Foreign Affairs Committee.10

3. Truman, "Truman’s Inaugural Address.”
4. Ibid.
5. Ibid.
8. Ibid.
Notably, both members were from the opposing party, showing that Truman had at least a modicum of bi-partisan support for the plan. Such public support likely indicates that there was broader support for the program on the Republican side of Congress, even if not all Republicans were willing to publicly back Truman. Endorsement of the plan was not limited to members of Congress. In a confidential report, the CIA predicted possible benefits that the Point Four program would have for the United States and provided ideas for overcoming possible challenges. The report stated that, if done properly, the program would “promote economic development, raise living standards, combat the appeal of Communism [emphasis added], and promote the spread of U.S. methods and influence.” The CIA commended the idea of including the United Nations in administration of the program, thereby building in advantages of “utilizing existing UN machinery, strengthening the prestige of the UN, and giving the program a truly international aspect, thus minimizing US liability to charges of ‘imperialism.’” The intelligence community’s reaction, more so than others in the United States and its allies, stressed the anti-communist nature of the program. In detailing Soviet opposition to Point Four, the CIA described the USSR as “recognizing the potential danger to world Communism represented by Point Four.” In the end, the Senate voted 60-8 to incorporate Point Four funding into the annual allotment for the Marshall Plan.

Global responses to Truman’s Point Four plan varied. England, a longtime US ally, reacted to the plan with optimism and praise. In early February of 1949, The Economist published an editorial that extolled the potential of the plan. The article opined that “a policy of offering the means of increased production to the rising nationalisms of Asia is believed to hold out better promise, in the long term, of attracting these countries to the West.” The article addressed concerns regarding the plan, but framed them as coming from the “cynic’s corner.” By portraying critics as cynics, the staff effectively positioned critics of the program as less legitimate. The CIA also noted English radio reaction to the plan in a restricted report which was focused on global responses to Truman’s speech. One radio outlet in London declared “President Truman’s Inaugural speech is given a rare welcome...the general verdict is that the American New Deal...is now offered to the whole world.”

England was not the only country to put forth a positive analysis. Other countries ideologically similar to the United States also supported Truman’s plan. Radio programs in Costa Rica postulated that “the principal theme of President Truman’s Inaugural speech was peace and opposition to Communism.” The CIA documented in a separate report that one Italian comment painted Truman’s speech “as one of the noblest documents of humanity and one which constitutes the fundamental charter of the new world democracy.” France joined the chorus of support for Truman’s Point Four program, with one commentator pondering if perhaps Truman’s speech would join Woodrow Wilson’s Fourteen Points in historical significance.

Reactions from “underdeveloped countries” in the “non-Soviet world” were also surprisingly positive—from as far away geographically and politically as China. One commentator reportedly stated “that the Chinese Communists could draw some comfort from the President’s speech.” Similarly, reaction from “underdeveloped countries” in the “non-Soviet world” was also positive. In Latin America, for example, Brazil, Chile, Ecuador, Paraguay, Nicaragua, and Haiti all declared their interest in Point Four. Meanwhile, the CIA assessed Lebanon as a staunch supporter of the program, with Egypt, India, Turkey, Iraq, Syria, Ceylon, and Siam all also expressing interest in Point Four. Truman’s Point Four clearly had

http://search.proquest.com/docview/1521113267?accountid=14739
12. Ibid.
16. Ibid.
18. Ibid.
20. Ibid.
21. Ibid.
broad global appeal to America’s war-time allies, as well as to developing states without Soviet ties. If analysis of Truman’s Point Four is limited to the response of the non-Soviet world and some of the American domestic reaction, the program can be interpreted as a type of global New Deal, designed to bring states around the world out of poverty. Truman himself described the plan as an attempt to lift peoples around the world out of destitution.24

Reaction from parts of the world in the Soviet sphere of influence, however, challenged the depiction of Point Four as an altruistic American policy. Radio addresses in Soviet-controlled Berlin painted Truman’s speech as “abusive, in unmeasured terms, to the world’s progressive forces and to those aiming at the maintenance of peace” and that Truman was trying to “conceal U.S. imperialism’s program of aggression.”25 Hungarian radio declared that Truman’s pledges of peace and freedom contrasted with his continued attacks against communism and the Soviet Union; Point Four was nothing more than “the large flood of capital into colonial territories, the targets...the British, French, and Dutch colonial territories in Southeast Asia.”26

In Leipzig, Germany, a commentator compared the speech with those of Hitler, in that they both “proclaim grandiose world programs to disguise...ambitions of world rule.”27 Romanian radio programs theorized that the ultimate subjects of Truman’s address were massive arms expenditures, and expansive colonization.28 The CIA noted that the Polish representative to the United Nations Economic and Social Council decried the program as an American machination to influence “the American Century through political maneuvering, profiteering, and espionage.”29 As laudatory as the responses were throughout the non-Soviet world, the reactions from within the Soviet orbit were equally scathing and dismissive. They saw Truman’s plan as nothing more than an imperialist, expansionist, capitalist scheme to oppress the developing world, and enrich American coffers.

In contrast to the vitriol coming from Soviet satellite states, initial reaction from Moscow was more cautious and muted in the aftermath of Truman’s speech. One week after Truman’s inaugural speech, the Kremlin had only issued one brief summation of the speech. It made no specific mention of the content of the speech, and excluded Truman’s four points.30 The CIA characterized the statement as no different from normal Soviet attacks: targeting the United States’ imperialism and capitalism, and identifying US government officials as nothing more than Wall Street lackeys.31 Nothing in the report on Moscow’s reaction mentioned any specifics from Truman’s speech, with one exception. Moscow criticized Truman for employing anti-communist rhetoric while simultaneously espousing the right for all people to express their thoughts freely.32 CIA analysts theorized that the Soviets’ sedate reaction reflected a “wait-and-see approach pending final formulation of the Kremlin line and in no way [impaired] Soviet capabilities of attacking the US program as merely another facet of US ‘capitalistic imperialism.’”33 The Soviets allowed the satellite states to take a hard line on Truman’s plan. This gave the Soviet Union flexibility to support some of the plan without looking hypocritical on the world stage, while still clearly communicating the displeasure of the communist bloc.

Three years after initially adopting a patient approach to the Point Four program, the Soviet Union changed course and began rejecting the plan. While the frequency of Soviet radio addresses on the subject was minimal, they maintained that:

1. Aid is a weapon of U.S. imperialist expansion;
2. Aid is being forced on the underdeveloped countries;
3. The Truman plan is a device for gaining control of raw materials, particularly strategic resources;
4. Aid is being used as a pretext for interference in internal affairs;
5. American investors are exploiting the plan to increase the export of capital;
6. The economies of countries receiving aid are deteriorating rapidly;
7. Aid is connected with aggressive imperialist plans.36

The official Soviet response then paralleled that of its client states, in that the USSR now explicitly condemned Truman’s program as imperialist, expansionist, and capitalist.

An examination of Point Four cannot be done in a vacuum. The Truman Doctrine, the Marshall Plan, and the policy of containment—all Cold War policies elucidated prior to Truman’s inaugural—provide context and background that aid in understanding Point Four. In

24. Truman, “Truman’s Inaugural Address.”
26. Ibid.
28. Ibid.
31. Ibid, 2.
February 1947, Great Britain had notified the United States that they could no longer afford to provide aid to Greece and Turkey. Without American intervention, Greece and Turkey risked becoming Soviet satellite states. One month later, President Truman requested military and economic aid from Congress. This “effectively made anti-communism the central plank of U.S. foreign policy.” The Truman Doctrine’s importance and relevance to the Point Four declaration becomes clearer when examining the doctrine’s purpose. One interpretation is that Truman and his supporters in Congress were using the specter of Soviet aggression to move American capital and military aid to Western Europe through Congress, with the express intent of not only keeping the global economy stable, but crucially, keeping the global economy “open to U.S. financial aid and strategic interests.” There is a clear similarity between the Truman Doctrine supplying aid to Greece and Turkey to keep them from falling to communism, and Point Four supplying financial and technical aid to the developing world in order to raise them out of poverty. Truman’s warning that people in poverty posed a threat to themselves and others can be seen as a veiled warning that the poor were more susceptible to communist influence.

With the Truman Doctrine as a backdrop, Secretary of State George Marshall went even further in proposing American aid to countries in distress. In June of 1947, Marshall proposed massive American assistance to European states in order to help rebuild post-war Europe. Over the next five years, through the European Recovery Program (ERP), billions of dollars, and huge quantities of American products were sent across the Atlantic to aid in the reconstruction of Europe. The impetus for the program was a belief among American officials that the United States would need involvement in European reconstruction to save the international capitalist system. Echoing the description of Point Four by the Economist, one historian has posited that the thinking at the time was that “the New Deal had made America safe for capitalism; the Marshall Plan would do the same for Europe.”

Policy-makers in the United States feared a sudden leftward shift in European politics, due both to a consistent socialist influence internal to Europe, and the presence of communist parties in France and Italy. The ultimate concern was that “a hungry, suffering electorate might vote communist governments into power.” While the Marshall Plan was a policy successor to the Truman Doctrine, it was also a predecessor to Truman’s Point Four. The similarities between the two programs were not lost on possible recipients of American aid under Point Four. In a report containing initial reactions to Point Four, the CIA outlined that while positive, initial reactions “indicate that the most common approach to ‘Point Four’ will be an attempt to turn the emphasis of the program from technical to financial assistance on the order of ERP.” The Marshall Plan entailed a sudden, massive influx of American capital into Europe in order to improve quality of life, and thereby prevent the spread of communism. Similarly, Point Four involved distributing American aid, albeit planned in technical assistance as opposed to financial aid, in order to bolster standards of living throughout poverty-stricken parts of the globe. While Point Four makes no specific mention of using this approach to prevent these areas from embracing communism, Truman’s anti-communist rhetoric at the beginning of the speech and his statement about poor people being a threat leaves very little doubt that Point Four aimed to keep Western democracy and capitalism safe.

The Truman Doctrine and the Marshall Plan were both aligned with containment, another American foreign policy tenet in the early Cold War. First uttered by American policy-maker George F. Kennan in July 1947, the basic goal of containment was to stop the USSR from using its post-war power and prestige to influence the international order. In order to prevent that eventuality, Kennan proposed a “long-term, patient but firm and vigilant containment of Russian expansion tendencies.” In his ‘Long Telegram’, in which he explained his idea of Soviet governance and how America should respond, Kennan called Soviet leadership unsophisticated and incapable of governing without repression, dictatorship, and cruelty. He suggested that Soviet communism was reliant on a fictional view of the outside world as evil and menacing. When Point Four is examined with the policy of containment in mind, its anti-Soviet aims become more apparent. Altruistic motives aside, when Point Four is considered alongside containment, it is likely that the policy was aimed at preventing communism from gaining a foothold in underdeveloped areas of the globe. This fulfilled one of the central goals of American foreign policy, containing Soviet

35. Ibid., 165.
36. Ibid., 101.
37. Ibid., 101.
38. Ibid., 165.
39. Ibid., 101.
40. Ibid., 165.
43. Ibid., 4.
44. Ibid., 20.
expansion. In addition to the aims, the geographic focus of Point Four also matched Kennan’s policy of containment. In August of 1948, Kennan identified areas of the globe that the United States could not afford to have fall under hostile influence. These areas included the west coast of Africa, the countries of South America “from the bulge down”, the Middle East as far east as Iran, and the Philippines. That list neatly overlapped with the areas of the globe that Truman targeted through Point Four a short time later.

The historiography surrounding Point Four seems to be in agreement on the intentions of the program, but an explicit examination of Truman’s motives is difficult to find. Gilbert Rist pays serious attention to Truman’s inaugural address in his book on the history of development. He theorizes that Point Four was the keystone of the development era following the Second World War. He also examines the proposal in a geopolitical framework that suggests that Point Four was aimed at stifling global communism. Rist posits that Point Four was “a generous proposal that claimed to be beyond the ideological divide between capitalism and communism. The key to prosperity and happiness was increased production.” Although he situates it outside of a divide between the two Cold War ideologies, Rist’s analysis seems to align with Truman’s goals, though both were definitely nestled inside the Cold War struggle. If increased production makes peoples more prosperous and content, and states suffering poverty and deprivation are more susceptible to communism, then increasing happiness and prosperity alleviates the danger of a state in the developing world falling prey to communism.

Rist, in further descriptions of Point Four and its impact on the history of development, makes no other direct reference to the policy’s possible Cold War motivations. Indirectly though, he dissect the discourse used by Truman, and ultimately posits that Point Four “primarily served the interests of the world’s most powerful nation” while claiming to have “only the common good at heart.” Given the oppositional stances the United States and Soviet Union took towards each other and the primacy of the Cold War by 1949, it is logical to equate the interests of the United States with halting the spread of communism. Without directly stating it in his work, Rist seems to acknowledge that Point Four was driven by an American fear of communism spreading to underdeveloped parts of the globe.

William Appleman Williams did not analyze Point Four specifically, but rather American foreign policy related to economics in general. In his analysis of the U.S. Open Door policy, Williams describes how American attitudes in the 1940s emphasized the need to become international advocates of capitalism and democracy, and take the leading role in global capitalism. Though the Open Door policy was not primarily aimed at the developing world, a critical reading of Williams’ writing lends further credence to the idea that Point Four was aimed at preventing Soviet influence from spreading there. If, as Williams asserts, a fundamental concern of American business was the spread of capitalism and democracy, then by the very nature of communism, its spread around the globe was anathema to American ambitions. In order to ensure the flow of American exports and capital around the globe, international borders needed to be open to the United States. Point Four aimed to help ensure this.

Charles S. Meier briefly touches on the impact Point Four had on development. He puts forth two arguments bolstering the idea that Point Four was an anti-Soviet device. First, Meier argues that in the non-communist world, sustained economic growth was the ultimate economic concern, and that by the late 1940s, the Truman administration was certain this was best accomplished through technological innovations. One of President Truman’s ideas was that America would share its scientific advances and industrial progress with developing states in order that they grow and improve. When Truman’s plan is examined beside Meier’s ideas of economic growth, Truman’s call for sharing American resources in the developing world becomes more apparent in its anti-Soviet aims. The second—and more explicit—argument that Meier makes is that throughout the early Cold War era, the United States and Soviet Union both “dangled development projects before the non-industrialized world in an effort to marginalize the influence of the other.” If individual projects were being used to entice states away from communism on the micro level, it is easy to imagine that on the macro level the entire exercise may have been intended to fulfill a similar function.

When President Truman put forth his inaugural address in January of 1949, he likely had no idea that he was instigating a new era in global development. Considering the anti-communist language he used prior to outlining his four policies, it can be inferred that Point Four was aimed at halting the advance of Soviet communism. Reactions to Truman’s address varied in the time following its delivery.

45. Ibid., 29.
47. Ibid., 76.
48. Ibid., 78.
51. Ibid., 49.
Despite couching the speech in anti-Soviet rhetoric at the beginning, he was still met with some domestic skepticism, both in the press and inside Congress. In the end, his support, seemingly bi-partisan, won out and funding for Point Four was folded into the allotment for the Marshall Plan. Internationally, reaction to his speech varied predictably along ideological lines. Countries allied to the United States, as well as those in the developing world that were not tied to the Soviet Union, reacted positively and envisioned benefits for individual states as well as the global order. Meanwhile, states aligned with the USSR reacted negatively, portraying Truman’s plan as a step toward American global domination, a colonial, expansionist, capitalist scheme out to acquire raw resources, and an attempt to prop up colonial enterprises, among other derisive reactions. The Soviet Union itself, while initially remaining tempered and moderate in its response to Truman’s address, within three years had changed its position and decried Point Four with themes similar to those put forth by its satellite states in the immediate aftermath of Truman’s address.

Though the historiography surrounding Point Four only implicitly discusses the Cold War motivations behind the program, authors in development and Cold War history seem to be in agreement on the underlying objective. Rist, Williams, and Meier all discuss the primacy of American economic interests, and consider the antithetical nature of communism and capitalism during the Cold War: in order for capitalism to succeed, communism had to fail. Point Four’s stated aim of increasing prosperity throughout the world not only meant increased markets for American exports, but also less fertile ground for communism to flourish. Point Four aligned with economic interests, echoed the Truman Doctrine and Marshall Plan, and fit squarely under the policy of containment. Catalyzing international development was a result of the President’s inaugural address, but for Truman, it was a means to an end. This bold decision, a facet of larger American strategic thought during the Cold War, aimed primarily to contain and weaken the Soviet Union. Improving lives around the globe was a secondary consideration. The broader implications of Point Four bear further scrutiny. While Truman’s policy appears in the history of modern global development, historians seem to have paid scant attention to its place in American foreign policy in the early Cold War, especially as a function of containment. This paper contributes to the existing literature, and further analysis of Truman’s policy will be useful in the interpretation of the history of global development.
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