

Chapter 5: The Atlantic Charter and the Roosevelt Offensive

The accumulation cycle of American capital following the 1937 recession coincided with the tendential internationalization of the mode of accumulation and the concomitant class compromise for which the base had been laid during the earlier New Deal. From 1937 on, American foreign policy was gradually recast in a Wilsonian framework, culminating in the promulgation of the Atlantic Charter in 1941. Simultaneously, the war mobilization of the US economy, overcoming the previous domestic constraints of New Deal economics, created the context for a sweeping new economic and political consensus. This consensus, which in the tradition of American New Left historiography of the 1960s I have typed 'corporate-liberalism', combined industrial Fordism and state intervention with a reaffirmation of the free international economy dear to the protagonists of the money-capital concept. Its basic ambit was US hegemony in the North Atlantic, although in the heady war years Washington planners talked of an Americanized 'One World', including both China and the Soviet Union.

The material basis of this Atlantic extrapolation of the New Deal was the American ability to sustain a high rate of real fixed-capital accumulation, complemented by trade and payments liberalization and increased military expenditure. Moreover, the Roosevelt offensive (as well as its postwar successors) also linked a social-imperialist exteriorization of popular aspirations to a profit-distribution pattern skewed to productive capital. In this way, the universalism of the Atlantic Charter (as of the Atlantic Union and Atlantic Partnership concepts later on) not only expressed the dynamic, expansionist character of the domestic US class compromise between productive capital and organized labour, but also became the lodestar for those sections of the European bourgeoisie aspiring to follow the American path of mass-consumption capitalism, or, at least, opting for US protection in the post-colonial, Cold War world-situation.

1. Internationalization of the New Deal

As we have seen, Wilson's Crusade for Democracy was the paradigmatic example of an offensive response to popular demands and the challenge of socialism: social pressures generated by full employment were absorbed into a missionary idealism, drawing on racism and Anglo-Saxon chauvinism. Through the filter of social-imperialist ideology, Wilson's universalism articulated foreign interventionism with the social aspirations of classes which would not have supported such expansionism if it had not coincided with concessions and reform. For Wilson, then, the reform year 1916 had been necessary to forge the domestic class compromise allowing him to launch the overseas offensive demanded by the international bankers.

The context of the Roosevelt offensive, on the other hand, was notably dissimilar in key regards. For instance, the liberal-internationalist fraction had first of all to publicly re-legitimize itself, having been cast into the political underworld as a result of sensational congressional exposes in the banking and munitions industries. The New Deal itself, as we have seen, found it convenient to allow bank capital -

particularly its internationalist segment - to become the scapegoat for the crisis of capitalism. By 1939, moreover, the situation in Europe resembled 1914 rather than 1917, since the Soviet Union seemed to have settled for a role in the European balance of power. In these circumstances, Roosevelt, who as a Democratic vice-presidential candidate in 1920 had experienced a landslide defeat generally interpreted as a stunning rejection of Wilsonism, was anxious not to appear too offensive-minded.¹ Although Roosevelt's 'Quarantine the Aggressors' speech, delivered in October 1937, three months after Japan's attack on China, was already of unmistakable Wilsonian inspiration, the actual implementation of policy hardly broke the confines of isolationism. (Since Japan's war on China was officially 'undeclared', the Neutrality Act of 1935 was not applied, and the Japanese military became the second biggest customer of the US aircraft industry.²

Soon after Roosevelt's 'Cash and Carry' message to Congress in September 1939, in which he proposed lifting the arms embargo prescribed by the Neutrality Law, Clark Eichelberger, a traditional internationalist and director of the League of Nations Association, called a meeting of the executive committee of the Union for Concerted Peace Efforts of which he was a member. Other members included James T. Shotwell of Columbia University, one of the founders of the Council on Foreign Relations, and Hugh Moore, a prominent industrialist. They decided to organize a Non-Partisan committee for Peace Through the Revision of the Neutrality Law, and asked the Kansas newspaper editor, William Allen White, to lead the undertaking.³

White, who according to Walter Johnson was 'the spark of the internationalist movement during these years [and who] became something of a folk hero to America', accepted the chairmanship on the condition that the campaign would not be financed by munitions makers, international bankers, or the steel interests. White's statement of conditions was intended to shore up his credentials with a suspicious and anti-war population and hardly reflected any real animosity to the 'Merchants of Death' or their bankers. On the contrary, White was a close friend of Morgan partner and Round Table stalwart Thomas Lamont, and the personalities joining the committee for Peace, included several Morgan men, like former Under Secretary of State and Morgan lawyer Frank Polk, as well as the future Republican presidential candidate and proverbial universalist, Wendell Willkie. For the rest, the Committee's roster read like a corporate 'who's who', including Henry I. Harriman; Archibald and Thomas Watson, of IBM and the International Chamber of Commerce; Henry Stimson, former Secretary of State and prominent Wall Street lawyer; as well as several internationalist Chicagoans, like Frank Knox, Republican nominee for Vice-President in 1936 and publisher of the *Chicago Daily News*, and Department store tycoon Marshall Field.

In June 1940, Knox and Stimson were appointed Secretaries of the Navy and of War by Roosevelt—a gesture that amounted to landing over the American war machine to the interventionists 'allied by White. The latter took care to have the Senate approve of their appointment by appealing to important constituents of Senators whose position on this issue was still in doubt. This did not mean that military preparation had to wait for these Republican internationalists to enter the government, Roosevelt, ignoring the isolationist Secretary of War Woodring, had already worked directly with Assistant Secretary Louis Johnson (future Secretary of Defense under Truman and

President of Consolidated Vultee aircraft company) in promoting an armaments programme.⁴

In the meantime, the White forces had been constantly regrouping. In December 1939, the Commission to Study the Organization of the Peace was launched, which, apart from those previously mentioned, included Lamont, Lucius Eastman, Professor Quincy Wright, and, most significantly, Clarence Streit who represented the British Round Table Society, favouring formal unity with the United States.

Ideologues of Intervention

Clarence Streit came from Missouri and volunteered for Europe in June 1917. After his discharge, he remained in France as a recruit of the American intelligence service to assist the American Peace Commission in Paris during the Armistice negotiations. In 1920, he returned to Europe on a Rhodes Trust stipend, and in 1929 became the *New York Times*' stringer at the League of Nations. It was here, according to his own account, that he got first-hand knowledge of the workings of that organization and came to reject it as impractical, although it might perform a transitory role in paving the way for a world organization organized 'on a sound basis'.⁵

Streit's disapproval of the League of Nations was shared by the Rhodes Trustees in Britain, who considered the League an obstacle both to creating an Atlantic community and to redirecting Hitler's ambitions towards the East. When in 1937 German preparation for war assumed a clear anti-British thrust and the readiness of the American ruling class to subscribe to the grandiose sphere-of-interest arrangement contemplated by the Cliveden Set still was in doubt, the Round Table Society sent Streit back to America to work for Atlantic unity. Supervised by Lord Lothian (Philip Kerr), one of the inner circle members of the British Round Table who became British ambassador in Washington in August 1939, Streit spent the next eight years vigorously lobbying for Anglo-American unification. In 1938, he published the well-known *Union Now*; in 1941, when Western Europe was overrun by the Nazis, a new book, *Union Now with Britain*, argued the case with renewed urgency.

Union Now was received with great enthusiasm by pro-British groups in the United States. *Fortune* (April 1939) characterized the project (in its usual hyperbole) as 'the greatest political and economic opportunity in history, by comparison with which the opening of the North American continent was a modest beginning.'⁶ Streit's proposal emphasized the formal aspects of Atlantic federation, like the constitutional arrangements between its various organs, the seat of the federal executive, and so on. Generously allowing both the United States and Britain their share in the Anglo-Saxon heritage, Streit proposed that the model of federation would be provided by the American Constitution, while Britain would contribute the tradition of representative government as such.⁷ The area which could be united on this basis in the more modest version of 1941 was reduced to the actual Anglo-Saxon world: North America, Britain, the white Dominions, Ireland, and the white population of South Africa.⁸ Like the 'Grand Area' projected by Council on Foreign Relations planners as necessary for the survival of liberal capitalism, Streit's federal union was conceived basically in sphere-of-interest terms, although its potential for expansion was crucial to the scheme's logic. Western Europe, Scandinavia, Latin America, but also in the long run, the European colonies - might gradually be incorporated until a truly world government was

achieved. If, as Streit proclaimed, 'despite all that the Nazis, the Stalinists and their stooges say, the Union policy (was) the opposite of imperialism', the difference would have eluded most non-Anglo-Saxons. 9

Reciprocating Streit's vision in this respect, George Catlin may be singled out as the second major ideologue working for Atlantic unity on the eve of US entry into the war. Catlin, who was of British nationality, was an adviser to Wendell Willkie in the 1940 presidential campaign, selected because of his supposed expertise in foreign policy. Like Streit he was an inveterate geopolitician. 'I began in terms of some "organic union" " Catlin wrote in retrospect, 'and of the Anglo-American-Canadian "triangle of power" . . . In subsequent revisions, I expanded this nucleus to include much of Europe - impracticable in 1940 - and Australasia. Streit began at the reverse end with specific stress on "federal union" for the democratic or "free" world'. 10

In 1938 Catlin elaborated the ethnic connection in *The Anglo-Saxon Tradition*, and, following the Willkie candidacy, he published *One Anglo-American Nation* as 'A British Response to Streit' in 1941. The book was dedicated to Roosevelt, who by this time was firmly engaged on a course of aid to Britain (although he could not go as far as Willkie, who could ignore other interests and only voice those of his backers in the Morgan orbit by proposing an economic and social union between America and the British Commonwealth). In his 1941 book, Catlin emphatically demanded a 'North American "Anschluss" '. He did not project a world government but settled for the inclusion of the Atlantic nation in a 'loose federation of world extension, centred at Geneva'. Atlantic unity thus remained a sphere-of-interest arrangement of only potentially universalist quality. In fact, Catlin thought that the formalization of the Atlantic bond was necessary to maintain this potential for any future emergency. 'It is highly desirable to provide, through regional federal union, a catchment within which the receding waters of emotion, ebbing after the peace from war, general intervention, and universalism, can in fact be held and stayed.' 12

By this time, the initial formation established by White had regrouped again and were openly advocating US support for Britain through the new Committee to Defend America by Aiding the Allies. This organization, no longer hiding its purpose by cover names, completed the full range of traditional liberal support for an Atlantic-unity policy by enlisting such men as Will Clayton, Houston cotton merchant and proverbial laissez-faire liberal; Lewis Douglas, Morgan group financier and future ambassador to Britain; J.P. Morgan; Henry Luce, editor of *Fortune* and *Time-Life* publications; and social-democratic trade unionist David Dubinsky.

In June 1940, coinciding with their new hold on the defence departments, the group took a major step towards direct intervention in actual policymaking when a special team was set up composed of members of the Committee to Defend America and the Council on Foreign Relations. This group, called the Century Group after the upper-class club where it met, was organized by Francis P. Miller, the organizational director of the Council, and Lewis Douglas, and was supported financially by the silk manufacturer, Ward Cheney. Whitney Shepardson, the secretary of the American Round Table group, also participated.¹³ The famous proposal to exchange American destroyers for British bases in the Western Hemisphere originated with the Century Group and was taken up by Knox and Stimson. The eventual destroyers/bases agreement of September 1940, brought new adherents to the Committee to Defend

America, which had led the mobilization of public support. Governor Lehman of New York, of Lehman Bros., was among the new subscribers. The legality of the destroyers deal, finally, was defended by a team of lawyers led by Dean Acheson.

The adherence to the Committee to Defend America of a leading trade unionist, Dubinsky of the garment workers, reflected a larger process of gearing working-class opinion to interventionism. The mobilization of the liberal-capitalist fraction in the course of 1939-40 coincided with steps to extend the New Deal compromise with the organized workers from the new mass-production industries into the realm of foreign policy. In May 1940, Sidney Hillman, Vice-President of the CIO, was appointed labour representative in the newly-formed National Defence Advisory Commission. In December of the same year, labour's position was further enhanced, when Hillman was made co-equal head of the Office of Production Management (OPM, the precursor of the War Production Board of 1942).¹⁴

In response to the sophisticated and increasingly effective campaign of William Allen White and his associates, the hitherto ascendant state-monopoly tendency set up organizations to rally a mass following. The most important of these was the America First Committee, founded in September 1940. John Foster Dulles was a prominent member, and Robert E. Wood, of Sears, Roebuck, was its president. In the press, its most prominent supporter was the Anglophobic *Chicago Tribune*.¹⁵

Dulles's activities in the pre-war Atlantic circuit of money capital had involved him with cartelized German industry and with the Schroder Bank, a key supporter of Hitler's. In July 1939, Dulles shocked a meeting of the World Council of Churches by stating that Hitler's territorial demands were justified and that an 'effective international order' (which was the topic of the WCC conference) could not be based solely on the status-quo.¹⁶

On the eve of American entry into the war, Dulles changed his position and announced in favour of Anglo-American unity. The version he championed, however, was the anti-Soviet one of the Chamberlain tendency in the Cliveden Set. In an article entitled 'Peace Without Platitudes', Dulles advocated the idea of a redistribution of imperialist spheres of influence through a 'supernational organization' which would consolidate American gains. 'The real failure today would be for America now to expend her treasure and perhaps her blood without thereby pushing forward the frontier of peace', the future Secretary of State wrote in an article printed briefly after Pearl Harbour.¹⁷ By 1943, the negative undercurrent of his endorsement of Roosevelt's universalism came out into the open. As the political adviser to the Republican Presidential candidate, Dewey, Dulles's interpretation of, pushing forward the frontiers of peace' turned out to be directed against the Soviet Union after all. The USSR, Dulles recommended, should be excluded from the post-war Anglo-American bloc Dewey proposed in September, 1943.¹⁸

Not unexpectedly, the Rockefellers were prominent in the actual process of synthesizing the liberal with the sphere-of-interest approach presided over by Roosevelt. Just as Dulles in this process contributed the minimal, anti-Soviet approach to Atlantic unity, which at that time was still marginal to the mainstream universalism; so the Rockefellers inserted their tradition of rivalry with Britain. In 1940 Nelson Rockefeller had moved to Washington to become coordinator of the Office of Inter-American Affairs. At the time, Standard Oil's foreign oil supply was still largely

concentrated in Venezuela, and in that light, Rockefeller's policy 'to lessen the dependency of Latin America upon Europe as a market for raw materials and a source of manufactured articles' reflected a clear-cut economic perspective on his part. Concretely, the thrust was against British investments in Latin America, and one memorandum emanating from Rockefeller's office recommended asking the British to put up their holdings in Chile and Argentina, candidly qualified as 'good properties in the British portfolio we might as well pick up now', as collateral for wartime aid. 19

With the liberal fraction and the Round Table network actively working for Atlantic unity, the new labour leadership enlisted in the armament effort, and prominent protagonists of the state-monopoly tendency lobbying for their strategic preferences as part of the interventionist coalition - the main ingredients of the corporate-liberal synthesis were brought together in the course of 1940-43; matched, as we shall presently see, by the first stirrings of a counterpart process in Europe developing in response to the Roosevelt policy. Meanwhile, the economic basis supporting the Atlantic extrapolation of the New Deal class compromise was provided by the government-supported expansion of fixed industrial capacity, notably in the three years 1941-43, and the resulting industrial emphasis in the profit-distribution process. Bank and rentier capital were temporarily disenfranchised by the emphasis on real accumulation: banks 'were occupied principally as fiscal agents of the Federal Government. . . interest rates were kept low, yet the banks had no recourse but to buy war bonds and help distribute part of the load to the public as a means of enforced savings'. 20

Cooptation of the trade-union bureaucracy into the administrative apparatus now proved functional in preventing labour strife from upsetting industrial production. To this end, the Defence Mediation Board was set up in 1941, transformed in 1942 into the National War Labor Board. While the trade-union members of this body helped administer highly unpopular wage controls, labour representatives were removed from the commanding positions in the main administrative organs dealing with the other aspects of war production. The establishment of the War Production Board in 1942 under the control of Sears, Roebuck director Donald Nelson, signalled the abandonment of the corporatist arrangement of the OPM and with it, the original domestic New Deal compromise. As Hamilton writes, 'Although in the National Recovery Administration labor and the public were recognized and had their places in the high command, it was the business interest alone which was enthroned in the War Production Board.'²¹ One result was the tight policing of wages. Wages in the course of the war rose due to overtime, but still lagged behind rising prices by a third over the period 1941 to mid-1945; in industries like steel, where because of continuous production overtime was not so widespread, wages in 1943 (i.e., under full employment conditions) were 'at the lowest point in 20 years'.²²

The British Predicament

In Great Britain, the war with Germany swept the appeasers of the state-monopoly tendency from the scene, propelling the liberal fraction to the fore instead. Churchill in 1939 once again was put in charge of the Royal Navy, and Anthony Eden, upon Churchill's recommendation, was taken into the government as State Secretary for the Dominions on account of his influence with the modernizing elements in the

Conservative Party and with 'moderate Liberals'. When, following the Norwegian fiasco, Churchill became Prime Minister, he promoted Macmillan to a junior cabinet post, the eventual architect of British corporate liberalism in the context of Atlantic integration. Finally the truce with the working class was effected by making trade-union leader Ernest Bevin Minister of Labour. 23

The reshuffling of fractional interests, and the diminished weight of continentally-oriented industry and finance, gave the maritime- liberal fraction a strategic position within the Churchill government. In particular, Lord Leathers of the P & O group and Max Beaver- brook played key roles in the war effort. Churchill's determination to preserve the integrity of the British Empire and maritime hegemony was manifest in his tenacious resistance to Roosevelt's demands that Britain provide territorial or geopolitical concessions in return for US aid. In late 1940, Churchill appealed to the President in terms reminiscent of those used by Captain Mahan in his correspondence with Theodore Roosevelt. 'It seems to me', Churchill wrote, 'that the vast majority of American citizens have recorded their conviction that the safety of the United States as well as the future of our two democracies and the kind of civilization for which they stand are bound up with the survival and independence of the British Commonwealth of Nations. Only thus can those bastions of sea power, upon which the control of the Atlantic and the Indian Ocean depends, be preserved in faithful and friendly hands. . .'24

The arrangement implied in this letter might have been compatible with the 'Grand Area' concept or the federal set-ups propagated by Streit and Catlin, but the American perspective, in which redistributive elements combined with universalist tenets, chose to view the future world order in dimensions commensurate with the United States' combined military and economic power. The fact that in mid-1940 the British were bearing the brunt of the Nazi onslaught was seen by American decision-makers to offer distinct opportunities to make that country comply with US wishes for a liberal world economy. Particularly after the fall of the Netherlands and France, the Americans cast an eager eye on those countries' colonies as well as on Britain's relatively unprotected overseas pos- sessions. Many of these were of crucial importance to the raw material position of the United States itself, and the Japanese threat added a further incentive to extend the American sphere of influence. Discussing tin supplies in Malaya and the Dutch East Indies in late 1940, *Fortune* estimated that the situation presented 'a purely materialistic case for playing a strong imperialist game in South- eastern Asia'.25 But American ambitions were not confined to that region alone. Churchill in his war memoirs complained about the cynical mission of an American warship to fetch the gold of Cape Town, and of the acquisition of the American subsidiary of the British rayon concern, Courtaulds, at a bargain price and its subsequent sale by the US government at a profit. 26

Even Anglophilic supporters of the Committee to Defend America by Aiding the Allies were hardly sentimental about the British Empire. The Luce press carried several articles and editorials emphasizing that Atlantic unity with Britain was secondary to the ultimate goal of a remaking of the world after the American Open Door design. In an article of June 1941, entitled 'How America Can Take the Offensive', the globe-trotting journalist, Edgar Snow, proposed the conclusion of a 'kind of pact of democracy with Britain and separately with Canada, Australia, New

Zealand and the Netherlands' in order to deter Japan. At the same time, he estimated that 'our tie-up with Britain now would limit the effectiveness of any political offensive unless Washington could induce London. . . to make a joint statement defining our whole struggle as a revolutionary war of democracy having for one of its prime political aims the emancipation of the advanced colonial countries and their entry into a federation of democratic nations at the conclusion of the war'. Or, as the editors of *Fortune* put it bluntly in May 1942, 'America. . . owes the world a substitute for the Pax Britannica, which is dead'.²⁷

The breakdown of the Pax Britannica seemed already imminent at the time of the Atlantic Conference, and the universalist contents of the Atlantic Charter reflected the strong position of the Americans. The British, struggling to retain control of the air against the German bomber offensive, were only able to add the 'due regard to present obligations' clause to the Charter's Article IV dealing with equal access to trade and raw materials, but as Sumner Welles, who replaced Hull, recollected later, 'It was fully understood. . . that *this* reservation was inserted *solely* to take care of what it was hoped would be merely temporary impediments to the more far-reaching commitment originally envisaged in that article'.²⁸

Churchill, however, clung to the 'existing obligations' clause and stubbornly resisted American pressures for liberalization. 'I found the Cabinet at its second meeting on this subject even more resolved against trading the principle of imperial preference as consideration for lease-lend', he cabled to Roosevelt on February 7, 1942, two weeks before the Anglo-American Lend-Lease Agreement was concluded.²⁹ The Agreement again contained a compromise formula on the post-war international economy, reflecting British determination in this respect. Any attempt to emphasize the historic nature of the Atlantic Charter was accordingly rejected. In a telegram dated 9 August 1942, Churchill asked to see the message that Roosevelt was going to send him on the occasion of the Charter's first anniversary on 14 August. 'We considered the wording of that famous document line by line together and I should not be able, without mature consideration, to give it a wider interpretation than was agreed between US at the time. Its proposed application to Asia and Africa requires much thought'.³⁰

To Churchill, 'Atlantic Union' in the sense of an ultra-imperialist alliance was necessary to preserve the integrity of the British Empire, and, thus, his resistance to the offensive universalism characterizing American policy from 1941 through 1944 did not at all preclude his quest for an Anglo-American 'special relationship'. In a discussion with Wallace, Stimson, Ickes, Welles and Senator Connally in Washington in May 1943, Churchill recommended the European idea of Coudenhove-Kalergi as the basis for a European Union, that, together with other regional unions, might constitute a world organization. According to the Foreign Office record, he said 'that these proposals did not exclude "special friendships" devoid of sinister purpose against others. He saw little hope for the world unless the United States and the British Commonwealth worked together in "fraternal association".' Advocating common passports and even forms of common citizenship allowing each other's citizens a right to vote in elections held in the 'fraternal' country, Churchill also said he was in favour of 'the common use of bases for the common defence of common interests'.³¹

However, Churchill had to wait until the subsidence of Rooseveltian universalism before he could effectively press his concept of Atlantic Union.

Domestically, the class configuration in Britain in important respects paralleled the American situation, albeit without the perspective of internationalization to alleviate the anxieties of capital. For obvious reasons, war time economic policy strongly boosted the position of real production in the profit-distribution process. In sharp contrast to World War One, the financial markets in Britain were tightly controlled and interest rates were kept in check. The rate of return on war bonds (3%) was low and their opportunity costs came on top of heavy taxation.³² In the context of full employment and on account of its position of power during Britain's lonely fight in the early stages of the war, Labour was able to push for the inclusion of a strong welfarist component as part of the emerging corporate-liberal blueprint. For example, Bevin, the Minister of Labour, ensured that the Atlantic Charter contained an article five dealing with 'improved labour standards, economic advancement and social security'. As a general frame of reference for its future policies, Labour in early 1942 issued a report entitled *The Old World and the New Society*, in which economic planning and collective security were advocated as an integrated programme.

Labour immediately subscribed to the Beveridge Report when it was published in late 1942, although the Labour ministers were rather lukewarm to it. The British Employers Confederation was critical of the Report, but a conciliatory tendency headed by ICI director Lord Melchett (Alfred Mond) eventually prevailed. Within the Conservative Party, a Tory Reform Committee was set up in 1943, including Peter Thomeycroft and Quintin Hogg, which likewise urged the government to take action along the lines of the Beveridge Plan. Eden was not unsympathetic, but Churchill rejected the idea.³³ Unlike the American case, foreign policy and domestic corporatism in Britain had not yet been articulated into a pervasive universalism in which the working class, industry, and the City could all project their interests.

Between 1942 and 1945, moreover, Labour's influence in the coalition waned. Attlee and Bevin, motivated by a militant anti- communism, increasingly yielded to the foreign-policy preoccupations of the maritime-liberal fraction to the point of defending the integrity of the Empire against Tory neo-colonialists, thus undermining their negotiating power in domestic issues. The capitalist class as a whole geared to a more contentious line, although the industrial tendency led by Lord Perry of Ford and Lord Lever-hulme, which favoured a strong anti-Labour line, never completely carried the day.³⁴

The European Bourgeoisie in Exile

Among European exile governments in London, the response to the Roosevelt offensive was prompt and positive, amplifying its universalist intent and contributing to its long-term impact. The Atlantic Charter was given multilateral sanction by nine European governments in London including the Free French, and by Britain's Commonwealth partners. The United Nations Declaration of 1 January 1942, which opened with a pledge to the principles of the Atlantic Charter, further confirmed this support.

The concentration in London of cabinet ministers and key personalities from the business world of various countries provided the occasion for much transnational and international postwar planning, to which the Roosevelt offensive gave a liberal inflection by holding out the perspective of an open world economy. In February 1941 the Polish leader in exile, General Sikorski, and his adviser, Joseph Retinger, initiated discussions with members of the continental European governments concerning postwar European economic cooperation. Towards the end of 1941, the two Polish statesmen founded a Permanent Bureau of Continental Foreign Ministers, which held regular meetings. Out of these meetings, in which Belgians were also prominent, two projects emerged with important consequences for postwar European integration: the plan for a customs union between Belgium, the Netherlands, and Luxemburg; and the proposal for the creation of a European (initially 'Independent') League for Economic Cooperation (ELEC). 35

Actually, the idea of a customs union between the Netherlands and Belgium had been discussed already in June 1941 by J. van den Broek (a director of the Royal Dutch/Shell group and from 1942, Minister of Finance in the Dutch London cabinet) and Camille Gutt, a mining director from the Societe Generale orbit and a member of the Belgian government. They agreed that a customs union should be formed in London, so that industrialists and farmers in their occupied home countries would have no chance of vetoing it. Yet it took two more years before Belgian foreign minister Spaak and his Dutch colleague Van Kleffens reached agreement on a fixed exchange rate of their currencies. The actual Benelux plan was made public a few days after the liberation of Brussels. 36

ELEC was the second important outcome of the discussions animated by Retinger, who became its secretary general, while its first chairman was Paul van Zeeland, a Belgian politician linked to Solvay and SOFINA. P. A. Kerstens, Dutch Minister of Economic Affairs in London and himself of colonial background, succeeded Van Zeeland when the latter became Minister of Foreign Affairs in 1949. As Rebattet writes, 'The vast majority of (ELEC'S) members were conservatives politically and economically, they represented the elite of modern liberalism in Europe. It was in fact an association for promoting free trade, sharing the laissez-faire spirit of the International Chamber of Commerce with which it had many personal links'.³⁷ Although ELEC was formed as such only after the war, it was a direct outcome of the London agreements.

In the same period, and even more directly as an outcome of American pressure for liberalization, the Dutch announced the postwar reorganization of their empire. On several occasions the Americans made it clear to the Dutch that after the war some form of independence, at least for Java, would be mandatory. Cordell Hull spoke to Van Kleffens in this sense, and in private discussions with Queen Wilhelmina, Roosevelt admonished her to include a statement on the political future of Indonesia in her speech before the United States Congress in August 1942.³⁸

The ally of the Americans in this case was H.J. van Mook, the surviving senior civil servant in the Dutch East Indies. Although distrusted by the Dutch London government for his advocacy of colonial autonomy, he succeeded in being appointed Colonial Secretary in May 1942 upon his arrival in London. Van Mook, who was a participant in the wartime discussion groups with British and American politicians and

businessmen animated by Prince Bernhard, actually drafted a major speech of Queen Wilhelmina on the subject. This speech, broadcast to the occupied Netherlands on 7 December 1942, promised a Commonwealth arrangement to the colonies. It was favourably received both by the American press and by liberal Dutch Resistance newspapers.³⁹ (In the end, however, it would take an armed struggle in Indonesia and renewed pressure on the part of an activist administration in Washington before the promise was actually realized in 1949)

2. The Impact on Nazi Europe

America's 'Vichy Gamble'

Even within Occupied Europe, including Germany itself, the Roosevelt offensive influenced and mobilized elements in the bourgeoisie favourable to Atlantic cooperation. The French case is particularly interesting, because the United States first attempted to seek an accommodation with the state-monopolist currents supporting Vichy. One result was the souring of relations with the Gaullists, with important negative implications for American-French relations in the postwar period.

The history of American collaboration with Vichy was first compiled by the historian William Langer on commission of the US State Department itself. Langer, a member of an advisory circle organized by the Council on Foreign Relations, was given special access to pertinent diplomatic files in the hope that he might dispel charges that the State Department had supported French fascism.⁴⁰ In fact, Langer's well-known study, *Our Vichy Gamble*, showed that American aid stopped only short of the most egregious pro-German groups. Langer tried to justify extensive US dealings with Vichy by pointing out that there was simply no other political context in which America could have hoped to influence France in the early days of the war.⁴¹ As Robert Murphy, the American diplomat who played a key role in the preparations for the eventual US landings in North Africa, put it in his memoirs: 'It was not until 1943 that General de Gaulle presented a clear-cut alternative to the Vichy government'.⁴²

The real story of American collaboration with Vichy was, in fact, not so simple. In 1940 US concern was focussed on the French fleet, which if it fell into German hands, might endanger the trans-Atlantic lifeline to Britain. Accordingly, American policy towards France was initially preoccupied with preventing this from happening, and the choice of interlocutors in France itself proved to be a consideration at best secondary to this objective. In the midst of the disarray caused by the military collapse, Ambassador Bullitt as one of his final duties obtained assurances from Prime Minister Reynaud and from the military concerning the fleet. In Vichy, the pledge not to surrender the fleet to the Germans was renewed by the Petain government, in which P. Baudouin, of the Indochine group, held the post of foreign affairs. In July 1940, Bullitt had another long talk with Admiral Darlan, who remained a 'necessary' partner to the Americans until his assassination.⁴³ The British for obvious reasons preferred quick action with respect to the French navy, and their raid on French warships at Mers el-Kebir infuriated the French.

The Americans, still dependent on diplomatic means alone, had to probe their way between the yet small group around de Gaulle, backed by the British, and the protagonists of the state-monopoly tendency led by Laval. Whereas the Gaullists hoped

to secure the French empire by relying on Britain, and Laval was hoping to achieve the same by supporting Hitler, the Americans had to look for class supports willing to believe that the future of French overseas possessions depended neither on Britain, nor on Germany, but lay in collaboration with the United States. When Laval triumphantly returned in October 1940 with assurances from Hitler that the British Empire, and not the French, would serve as war booty for Germany, the Americans went on the offensive. In his telegram to Vichy, Roosevelt warned that if in the course of a shift to closer relations with Germany, the French Navy were handed over, the United States 'could make no effort when the appropriate time came to exercise its influence to insure to France the retention of her overseas possessions'.⁴⁴ At the same time, the Americans were secretly negotiating with anti-Laval elements in the Vichy cabinet, the most prominent of whom was the Interior Minister Peyrouton, who, later in 1942 after the Allied landings, would be installed by the Americans as Governor-General in Algiers.⁴⁵ Partly as a result of these machinations and Roosevelt's threat, Laval was removed from power in December 1940. In the new government, the Foreign Ministry found its way to P. E. Flandin, who in the thirties had been a leading advocate of American mass production methods as well as an exponent of collective security against Hitler. ⁴⁶

Sensing that the situation offered new opportunities, Roosevelt sent Admiral Leahy to Vichy as his ambassador. As a navy man and close associate of Roosevelt, it was hoped that Leahy would be able to win the confidence of Petain and the French naval officers. At the same time, the Americans singled out Maxime Weygand, an esteemed military leader but also associated with the Suez Canal Company, as the potential successor to the Marshall, judged capable of outflanking de Gaulle as well. Weygand was anti-British, anti-German, and accordingly, in the situation France was in at the time, 'really on our side', as Leahy wrote later. ⁴⁷

The pre-war liberal leader, Herriot, too, was cultivated by the Americans. OSS chief Bill Donovan and Sumner Welles both proposed that Herriot should be put at the head of an alternative to the Gaullist movement. In June 1940, Herriot had favoured continuing the struggle in North Africa, whereas Weygand was 'a broken reed'.⁴⁸ Since Weygand as the Vichy military commander held the actual keys to North Africa, however, the Americans dealt with him instead. In January 1941, Murphy concluded an agreement with Weygand, authorizing the French in North Africa to buy non-strategic goods in the United States using hitherto frozen French assets for payment. Weygand wanted the aid because he feared that the Germans sooner or later would try to bring French North Africa under direct control and 'that the Germans would force the issue in the spring and that it was therefore important that the country should be strong enough to offer effective resistance'.⁴⁹ As Kolko has pointed out, the Open Door aspect of the Murphy- Weygand agreement lent it the aura of imperialist redistribution at the expense of Britain. ⁵⁰

A shift in underlying capital fractions became more evident after Darlan assumed the Vichy premiership in February 1941. Bank and merchant capital in the orbit of the Worms group now entered the government in force. 'Practically every minister or secretaryship touching economic affairs was in the hands of one or another of the Worms clique', Langer writes. ⁵¹ Other authors, too, have pointed to the particularly strong connection between the Darlan government and the Worms bank,

prominent in shipping and, through the Banque industrielle de l'Afrique du Nord (jointly with Indochine and Paribas), in North Africa. 52 At no time during the Vichy period, was big capital so directly present in the government. The shift from the Lille-Lyons axis to the trade and sea transport orbit of Worms, moreover, was significant as it coincided with the launching of the Roosevelt offensive, made tangible by the Murphy- Weygand agreement. On the other hand, the reactionary, pro-German outlook of the Worms clique prevented the convergence of US political and Vichy economic interests from developing further than a temporary marriage of convenience.

When Germany invaded the Soviet Union, Roosevelt had Murphy approach Weygand again, promising military support 'at some future date' should the general decide to make a stand in North Africa. However, the Germans learned about Weygand's conversations and forced him to withdraw in November 1941 (although he first succeeded in denying them use of the naval base at Bizerte in Tunisia). A further US attempt to return him to Africa to 'assume command there with the full military and economic support of the United States' failed when Weygand refused to act without Petain's consent. 53 By that time, obstacles to American influence in France were multiplying as rapidly as German victories were being reported from Russia. After the recall of Weygand, the United States suspended trade with French North Africa, restoring it only after an agreement prohibiting German use of French naval bases in the Western Hemisphere. A month after the signing of this agreement, in April 1942, Laval again took power at Vichy. Leahy was duly recalled. The class alliance which had been formed in response to the original Roosevelt offensive disintegrated.

Laval's return and the American entry in the war forced the unpalatable prospect on Washington of having to deal with de Gaulle. Bad blood between the Fighting French and the Roosevelt regime dated back to the first, unsuccessful attempts by de Gaulle to secure a base of operations in French Africa. His ill-fated attack on Dakar in September 1940, right at the moment when the Americans were doing everything possible to prevent Vichy from surrendering the French Navy to the Germans, severely prejudiced relations between de Gaulle and Roosevelt, leaving the latter with an enduring 'distrust of de Gaulle's judgement and discretion'. 54 This exacerbated the more fundamental difference in vision between the two leaders over the future of the French Empire.

Meanwhile, six months passed between Laval's return to power and the Allied landings in North Africa. The most important contacts of the Americans in this period remained the representatives of colonial capital in North Africa, especially J. Lemaigre-Dubreuil, co-owner of the peanut oil monopoly, Huiles Lesieur.⁵⁵ After Murphy had arranged with Admiral Darlan to allow surprise Allied landings, Lemaigre-Dubreuil brought the support of General Giraud (whose democratic credentials were no improvement on Darlan's).⁵⁶ The Allied landings took place on 8 November 1941; three days later the Germans occupied Vichy. In North Africa the Americans, through Murphy, became involved in a succession of Petainist coups and counter-coups, leading to the death of Darlan and Giraud's notorious police terror.⁵⁷ In the aftermath, the Americans found themselves stuck with thoroughly unsavoury collaborators in North Africa, cut off from the process of political realignment in German-occupied France, and with practically no influence or moral authority over the

metropolitan resistance movement headed by the Gaullist Jean Moulin. In this situation, Roosevelt directly intervened by sending Jean Monnet to North Africa.

Upon arriving in Algiers in March 1943, Monnet, who carried letters from Harry Hopkins and Felix Frankfurter, Roosevelt's closest advisers, soon realized that de Gaulle, who in a month's time was to be officially endorsed by the newly-formed National Resistance Council under Moulin, was well on his way to power. Accordingly, his task of effecting a reconciliation between Giraud, the man of the Americans, and de Gaulle, was bound to result in a transfer of formal power in North Africa to the latter. The State Department had not been consulted in the preparations of the Monnet mission, and Hull, who had warned that Monnet had closer ties with the Gaullists than was generally assumed, could only see his fears confirmed. Murphy, too, was furious over Monnet's action. The letters Monnet were carrying gave him the status of a President's envoy, and 'it was this authority which led to the establishment of de Gaulle as a challenge to Roosevelt's own attitude towards the French empire'. 58

Judging from Monnet's past and future actions, however, his attitude towards the French Empire was not at all identical to de Gaulle's. By mid-1943, however, the French bourgeoisie was re-grouping on the basis of a concept of national independence, and a vanguard of representatives of French capital abroad, as well as the forces directing the metropolitan resistance, had rallied around the general, against whom Giraud with his reactionary friends proved to be no match.

The Americans did not give up: to the very last minute, they tried to capitalize upon their contacts with, on the one hand, Vichy officials, and, on the other, the liberal leaders. In 1950, Herriot made it known that the Americans in August 1944, on the eve of the liberation of Paris, had put pressure on Laval to convene Parliament and hand over the government to Herriot. However, after several conversations with Laval and several threats to his life by the Resistance forces, Herriot refused to cooperate. 59

If the Lille-Lyons axis in the prewar French bourgeoisie, and the Worms and Indochine groups, were excluded from the wartime Gaullist coalition because of their association with Vichy, what were the interests associated with de Gaulle? First of all, the Rothschild group - reacting against the anti-semitism, not just of the Nazis, but especially of the state-monopoly tendency in France. The young banker, Guy de Rothschild, joined the Free French in London soon after their formation. Subsequently joined by other family members, like the wine-growing Baron Philippe,⁶⁰ Guy de Rothschild worked closely with de Gaulle and was adjutant to the military governor of Paris at the war's end.

This did not prevent another prominent Rothschild group director, Liberal politician Rene Mayer (head of Le Nickel), from temporarily joining Giraud, whose representative he was in the negotiations with de Gaulle.

Eventually, the entire financial group of which the Rothschild Bank in the Rue Laffitte was the centre, aligned themselves behind the general. And once de Gaulle had firmly established himself in command, and the prospects for the liberation of France had brightened, the elements common to de Gaulle's nationalism and Rothschild's economic interests acquired new salience. For instance, de Gaulle was firmly committed to the preservation of France's position as a leading proprietor of colonial mineral wealth, while the Rothschild's were the owners of most of the French non-ferrous metal-mining industry. It is not surprising, then, that there was a strong

convergence between de Gaulle and the Rue Laffitte - a connection further reinforced after the war when Rothschild banker and mining director Rene Fillon became treasurer of the Gaullist party, and Georges Pompidou, Guy de Rothschild's right-hand man and bank director, became the general's Prime Minister and designated successor.

At the same time, an element of continuity with Vichy was provided by the realignment to de Gaulle of the fraction of the Protestant banking aristocracy associated with the pre-war Lille- Lyons axis. This realignment was personified by Maurice Couve de Murville's joining the general in North Africa. Couve de Murville, linked by family ties to Mirabaud (and like de Gaulle himself, to the Banque de l'Union Parisienne (BUP)), early during the war successfully conducted negotiations on behalf of Vichy with the Germans concerning French gold reserves, which had been shipped to a safe spot in the French Sudan. The sphere-of-interest predilection of de Gaulle's future foreign minister, however, was given an anti- American injection when Jewish bankers among the American authorities in Washington and North Africa attempted to corner Couve on account of his earlier association with Vichy. (To assist in the epuration effort, Paul Warburg had joined Murphy's staff following the Allied landings in North Africa.) In the attack on Couve, imperialist rivalry may have played a role as well, for otherwise one wonders why Henry Morgenthau, on a visit to Algiers, expressly ordered Murphy to get rid of Couve de Murville; while Peyrouton, the Vichy Secretary of the Interior, who was Governor- General of Algeria at the time, but who in his former function had issued the first anti-semitic decree of Vichy, was confirmed in his office in spite of public protests in Washington. 61

In any event, de Gaulle quickly cut short American interference. Peyrouton was forced to resign even before Giraud had surrendered to de Gaulle. Couve de Murville, on the other hand, on account of his expertise and the interests he represented was given the key Finances post in the newly-formed provisional government, in which Mayer got Transports and Public Works (both Rothschild areas of interest), and Monnet and Pleven, Armaments and Colonies, respectively. 62 After the war, the nationalist coalition formed in Algiers was reinforced by industrial interests represented by men like Albin Chalandon, a resistance commander and banker in the Dassault airplane group (in the 1950s he became treasurer of the Gaullist party); Leperq of the Schneider group, and others.

Roosevelt's demarche toward Vichy, concentrated in the period between the Four Freedoms speech in January 1941 and the proclamation of the Atlantic Charter, failed to achieve its aim. The reactionary character of the groups which responded to the American offensive, followed by the breakdown of the Vichy state as a quasi-independent entity, greatly undermined the Atlantic connection with France. On the contrary, American actions gave the real rulers of France, united around de Gaulle, a reason to regard American policies towards Europe with suspicion. In effect, the outsider position of French capital in the Atlantic circuit of capital which it had occupied before the war, as a result of its orientation to the colonies and Eastern Europe, was reproduced as a consequence of American-French rivalry during World War Two.

The Agony of the Axis Liberals

The possibility of a liberal class fraction coming to the fore in Nazi Germany might have seemed at first sight unlikely, but the reactionary liberals who had supported Hitler's rise to power had not been completely silenced. Schacht, as we have seen, was dismissed as President of the Reichsbank in January 1939 because he dared to disagree over credit policy with Hitler, and in January 1943 he lost his position as Minister without Portfolio for criticizing the conduct of the war in a letter to Goering.⁶³ As the conviction grew, moreover, among the Schacht circle that Germany might lose the war, the opening of contact with the Allies became a priority. The figure selected to represent the German liberals was Carl Goerdeler, ex-Mayor of Leipzig and less tainted than Schacht by Nazi complicity.

Goerdeler was one of the few civic leaders who avoided joining the Nazi Party, although in the period of their march to power he had favoured negotiations with Hitler when scouted as Minister of Economic Affairs in the von Papen government. As the Nazis reorganized the German economy in the course of the 1930s, Goerdeler launched a traditional liberal critique. In several books and articles, he denounced the 'over-organization of the economy' and advocated the liberalization of currency controls and reconciliation with Germany's creditors. In 1937 Goerdeler retired as Mayor of Leipzig after a conflict with the Nazis over the Mendelssohn monument.⁶⁴ Later, in 1942-43, he wrote a formal economics treatise inspired by the ideas of Dietz and Eucken, the liberal economists from whom Ludwig Erhard also drew theoretical inspiration.

Goerdeler's particular importance, however, was not just his critique of Nazi state-monopolism, but his advocacy of many important elements of subsequent Atlantic and European unitarian ideology. After Hitler came to power, Goerdeler was one of the few leading liberals continuing to search for a basis of rapprochement between Germany and her creditors. Thus in a 1936 paper on how to restore the free flow of capital and goods with Britain and the United States, he argued that Germany should be allowed to take part in the exploitation of the French colonies - an idea that Schacht actually raised in negotiations with Leon Blum during the Spring of that year. Also as Mayor of Leipzig, Goerdeler enjoyed a wealth of contacts as a result of the city's great international trade fair, which he utilized in his extensive travels in 1930s to promote liberal schemes. The trips, which took him throughout Europe and the United States, were paid for by Krupp and took place under the cover of his role as a representative of the Bosch electrical empire. Reporting back directly to Bosch, Krupp and Schacht, as well as to Goering,⁶⁵ Goerdeler opened fruitful contacts with the powerful Swedish finance capitalist Wallenberg, one of the instigators of the International Chamber of Commerce, and with the Belgian king, with whom he broached the possibility of joint development of the Congo. Finally in America, he had extensive discussions with an authoritative cross section of the current power structure: Hull, Welles, Wallace, Hoover, Stimson, Young, Morgenthau, and others.

The crux of the message that Goerdeler was carrying on behalf of his backers was that the German need for a sphere-of-influence should be taken as an opportunity for economic cooperation rather than for war. Moreover, once war had broken out, the liberal reaction was desperate to prevent the prospect of two-front conflict pitting Germany against the Soviet Union in the East and an Anglo-American alliance in the West. In 1941, Goerdeler prepared a memorandum, 'The Goal', advocating comprehensive European integration under German leadership but with an emphasis

on friendly relations with Britain and America, prefiguring the Atlantic partnership concept. Unlike other semi-official proponents of peace with Britain, such as Albrecht Haushofer or Rudolf Hess, who wanted a free hand in the East, Goerdeler also opposed an attack on the Soviet Union. In Goerdeler's vision, an abandonment of further aggressive ambitions by Germany would ensure that it would lead a united Europe in ten or twenty-years time. 66

The invasion of Russia and, later, the American declaration of war, threw the advocates of an understanding with the West back into a state of illegality. In a secret memorandum of late 1943, Goerdeler again expounded his concept of a European federation, but this time without any pretence of reforming the Nazi leadership. Indeed, he estimated that the 'criminals would have to be sent to the devil' before his plans could be implemented. If Hitler could be removed soon enough, Goerdeler argued, there would be a chance for Germany to unite Europe against Bolshevism with Allied support. All this was of course conditional, he added, on finding a way around the Allied demand for unconditional surrender. 67

As the Atlantic liberals - in league with disaffected Prussian aristocrats moved into the stage of active conspiracy against Hitler in 1944 (the 'July 20 Conspiracy'), the question of Allied terms became increasingly urgent. Goerdeler wanted preliminary negotiations with the Western powers, but Ritter describes how on the eve of the actual assassination attempt on Hitler in July, the conspirators were on the verge of bowing to the unconditional surrender demand - but only on the Western front. Goerdeler and General Beck offered to facilitate Anglo-American occupation if the Soviets could be blocked from breaking through in the East. It was this fear of the Soviet offensive, and the almost certain extinction of the Junker order in Prussia and the Baltic, that rallied so many noblemen to the conspiracy. Since the turn of the tide on the Eastern Front, it had become clear that it was the East German landed interests who were going to pay for Nazi aggression, while the West German industrial interests could still hope for the benevolence of the Americans. 68

The failure of the 20 July coup and the bloody repression that followed it, crushed the combined hopes of the Atlanticists and Prussian latifundists for a *deus ex machina* to save them from the Red Army. It also brought about the liquidation of Goerdeler, the only major politician who was acceptable to both the bulk of the German capitalist class and to the Western Allies.

Schacht, who was among those arrested following the coup attempt, due to his role in Hitler's rise to power had lost the credentials for leading a liberal alternative to Hitler under American auspices, although he still figured in the calculations of the State Department and of Goerdeler himself, who from his death cell made Schacht's release a preliminary condition to the Nazis in the mediation negotiations he implored his friend Wallenberg and the Swedish government to undertake. Of the younger men, the eventual leader of the liberal fraction, Ludwig Erhard, still lacked the necessary standing in his home country; it would in fact take two further American Atlantic offensives before he could take power in 1963. For the moment, the liberal arsenal in Germany seemed exhausted.

In Italy, class relations had developed in the course of a resistance struggle in which the powerful Communist Party had succeeded in forcing its way into the government coalition which presented itself to the public as soon as the Fascists were

brought down. In 1943, two months before the Allied landings, a coup by Marshall Badoglio, who had led the Abyssinian campaign in the thirties, destroyed the domestic power base of Mussolini. Not unlike the subsequent Goerdeler coup attempt, Badoglio and the Italian King had deserted Fascism in order to save national capitalism from a defeat at the hands of the Left, which in Italy was a domestic force. The coup was supported by liberal capitalists, whose spokesman, Pirelli, had overtly opposed Fascist autarky policy from the mid-thirties on.⁶⁹

Roosevelt, therefore, was ready to work with Badoglio, since he seemed the best assurance of preventing the Italian fleet from falling into Nazi hands, and of preventing the Communists from taking power.⁷⁰ In the spring of 1944, however, the Communists in a spectacular turnabout declared their support for Badoglio and entered his cabinet.⁷¹ When Allied troops had liberated Rome, the local resistance council refused to deal with Badoglio. A new government under Bonomi, a right-wing Socialist, comprising the major parties of the resistance, was formed. In November 1944, the continuing frustration of fundamental social reform led to the resignation of Nenni's Socialists and the Action Party from the Bonomi government.

In spite of furious attacks by the Christian Democrats on the Communists, who were depicted as the instigators of anarchy, the (decided to join the reorganized Bonomi cabinet, together with : Liberals and Christian Democrats. In doing so, however, they undermined their own position in several respects: becoming the accomplices of laxity in purging the fascist state apparatus, while allowing themselves to become subject to the Italian government's deals with the Allies which included the isolation of the fighting resistance forces in the industrial North. As Claudin puts it, 'The German troops, with the support of the neo-Fascists, launched one offensive after another against the partisan army, while the Allies scrupulously observed the truce they had granted until the spring. South of the Gothic Line, the Bonomi government and the anti- Fascist parties did nothing to mobilize the people against this criminal complicity of the Allies. The partisan army and the fighting working class of the North held out on their own against the Fascist offensives during the long hard winter of 1944-5'.⁷²

Capitalists in the North, meanwhile, were not at all committed to programme of national unity, but were instrumental in secret cussions between the German forces in Italy and the Western lies meant to prevent a penetration of Soviet or Yugoslavian forces into Italy, who might establish a direct link with the powerful Italian resistance. Allen Dulles, who conducted these negotiations, mentions Marinotti (of Snia Viscosa), Olivetti, and Baron Luigi Parilli, who had been the Italian representative of Nash-Kelvinator before the war, as key contacts. According to a German source quoted by Dulles, the Pope, too, was completely informed about the content of the negotiations.⁷³ By this time, however, the dynamics class formation was shifting to a corporatist format, and Christian democrats rather than Atlantic liberals reinforced their positions.

3. The Shift to Cold War Conservatism

At the time of the Atlantic Conference, the Soviet armies were being routed by the Nazi invaders and great credence was not given to the power of the Soviet Union in the post-war world. Soviet reactions the Atlantic Charter were mixed. In September 1941 Ambassador Maisky in London promised the most energetic support, but Stalin a

few months later complained to Eden about the Charter's supposedly anti-Soviet content. The Russians would invoke the Charter when it suited them (e.g., to repudiate Polish border claims in 1943), but at bottom looked at it as an Anglo-Saxon scheme for hegemony.⁷⁴

Gradually, however, the Roosevelt scheme came to include the Soviet Union as one of the areas to which the American Open Door strategy was applicable. In the course of 1942-43, as Allied unity seemed to provide an increasingly favourable context for such an initiative, ideas about the economic penetration of the Soviet Union began to mature as well. Kolko mentions Hull and War Production Board chief Nelson among those who in the last months of 1943 started serious thinking on future economic relations with the USSR. Discussions with Moscow not only touched upon trade, but in a more general way pertained to the envisaged position of Russia in the open world projected by American post-war planners.⁷⁵

Penetration and modification of Soviet conduct rather than confrontation was the key aspect of the universalism crystallizing at the peak of the Roosevelt offensive. Pioneer-spirited solidarity like Ambassador Joseph Davies's proposal in the 1942 postscript to his *Mission to Moscow* to send American engineers to Russia here paved the way for long-term considerations of an apparently generous, but basically anti-communist nature. Sumner Welles in 1944 put the tremendous possibilities for trade with the Soviet Union in the perspective of a gradual abandoning by the Russians of 'many of the more radical forms of political organization which time and experience have proved to be inefficient'.⁷⁶

The Morgenthau Plan which envisioned the deindustrialization of Germany also had the aspect of depriving the USSR of German reparations, and thus driving it to seek American credits. Making the Soviet Union dependent on American aid was a constant concern of those who wanted to disburse it. 'We should. . . enter the postwar years with a definite willingness to aid the USSR financially', the expert on international creditor practices in the State Department, Herbert Feis, wrote in July 1945. 'Simultaneously, the assignment of American diplomacy will be to obtain effective acceptance by Russia of American views on matters vital to US and to work out compromises when there appears to be divergence of interests or purposes. If that effort fails, we should be compelled to reconsider our course'.⁷⁷

The offensive, integrative approach towards the Soviet Union, and to the world at large, which characterized Roosevelt's universalism, rested on a real expansion of the American economy which lost its impetus by 1944. Profits and corporate income had risen initially, but in 1942, corporate income tax was raised from 19% to 40% in order to recover the costs of the war from industrial profits made largely on federal orders and investments. By this time, real expansion was giving way to inflation, and bank capital was able to appropriate a larger share of the total mass of profits. To quote Josephson, 'as the money supply doubled and redoubled, the banks earned more, floating easily on the higher flood of paper money'.⁷⁸

In this context, the social-imperialist truce disintegrated in due course. Roosevelt in 1943 had to issue a dramatic 'hold-the-line' order to prevent rapidly multiplying strikes from destroying his wage controls. The new National Wage Stabilization Board, established in December 1945, broke down within a few months' time under the impact of intense labour struggles.⁷⁹ As the truce between industrial

capital and organized labour which hitherto had underlain the Roosevelt offensive disintegrated, the universalist synthesis between internationalism and state intervention likewise fell apart. Increasingly a rentier attitude, socially conservative and passive in international affairs, again pervaded the thinking of critical layers of the American ruling class.

Policy-makers in Washington in the last year of the war began noticing the weakening of idealism which would continue until 1947. Showing a keen understanding of what was at stake, Sumner Welles in 1944 made a dramatic appeal to maintain the self-confident posture to domestic and international challenges that had characterized the Roosevelt offensive. 'The forces of reaction are again stirring', Welles wrote. 'The people of this country should learn that world revolution is not something they need dread, but rather something that can be made to rebound to their own benefit.'⁸⁰ However, eloquent statements could not reverse the trend dictated by the class struggle and by the bourgeoisie's fear of labour's strength in the reconversion period. The diminishing relevance in such a situation of Roosevelt's universalism (or the New Deal, for that matter) was reflected in the removal from the Democratic ticket of his Vice President, Henry Wallace, whose 'Century of the Common Man' rhetoric increasingly irritated the propertied classes. The Southern oil speculators, town bankers, and big city bosses who had connived to get Harry Truman the vice-presidential nomination, were catapulted into the government following Roosevelt's death. In one of the typical transitions that followed, Morgan partner and former Lend-Lease administrator Stettinius resigned as Secretary of State to be succeeded by James Byrnes, a South Carolinian close to the embattled textile interests in that state.

Under Truman and Byrnes, anti-communism became the unifying theme of American policy. In September 1946, Presidential assistant Clark Clifford delivered a memorandum to the President in which the new national security doctrine was formulated.⁸¹ In the same month, Wallace, demoted to the post of Secretary of Commerce in the Truman cabinet, was forced to resign because of his adherence to the offensive instead of the aggressive, but basically defensive, approach to the Soviet Union. 'Wallace was essentially pleading for a renewal of the Administration's invitations of 1945 to the war-decimated Russian economy to join a friendly game of economic competition with the American industrial mammoth and to play the game according to American rules'.⁸² Facing a backlog of popular demands both at home and abroad, however, the dominant tendency in the American ruling class in 1945-47 was neither inclined to moderation nor capable of launching an offensive policy based on new compromises with the working class.

Atlantic Unity Against the Soviet Threat

In these circumstances a more restricted concept of Atlantic unity could again assert itself over the global universalism still espoused by Wallace and other New Deal veterans. A forerunner of such cold war Atlanticism had been Walter Lippmann's 1943 book, *US Foreign Policy*. 'There is a great community on this earth', Lippmann wrote, 'from which no member can be excluded and none can resign. This community has its geographical center in the great basin of the Atlantic. The security of this community turns upon the relations of the two great powers - Britain and the United States. In this area and at this phase of historic time, they have the arsenals and the military

formations necessary to the waging of the war. And therefore their alliance is the nucleus of force around which the security of the whole region must necessarily be organized, to which, when their alliance is firm, the other members of the community will in their own interest freely adhere. '83

Lippmann canvassed the likelihood that potential antagonism with the Soviet Union would ensure that an Atlantic capitalist alliance would be a more practical arrangement than any global New Deal.⁸⁴ 'Once that potential antagonism is recognized by dissolving the alliance which exists in order to wage this war, one or all the three victors will inevitably move towards arrangements with the defeated powers. As this arrangement develops, the former victors will become competitors for the revival of power of their former enemies. For unable to enforce the disarmament of the vanquished, because they have now antagonized one another, they will see that the next best form of security will be to make allies of the rearmed vanquished.'⁸⁵

This bold projection of a Cold War power configuration was increasingly corroborated by the resurgence of sphere-of-interest politics. The Soviet Union, single-mindedly devoting its diplomatic efforts to the establishment of a cordon of friendly states against any repetition of the German invasion, proved unwilling to subordinate its interests to the American Open Door scheme; but spheres-of-interest also were reemphasized between the Atlantic allies. To the extent that the British could recover any economic or political room to manoeuvre, they distanced themselves from earlier forced enthusiasms for an American Open World. At Yalta, the Atlantic Charter was reaffirmed in the Declaration on Liberated Europe, but it no longer reflected the thrust of events. Churchill this time did not yield on the colonial question. In a secret protocol on territorial trusteeships, the latter were agreed to be applied only to League of Nations mandates, 'territories detached from the enemy as a result of the present war', and regions voluntarily seeking United Nations protection. This left the British and other Allied colonies outside the scope of the UN trusteeship system.⁸⁶

At Yalta and Potsdam, Roosevelt's universalism collided with the stubborn persistence of European spheres-of-interest, but the subsiding of the American offensive also undercut whatever activism might have been contemplated with respect to an Atlantic community. Hence, it was Churchill who took up the thread and came to America to propagate his Atlantic Union concept. In his famous 'Iron Curtain' speech delivered in Fulton, Missouri in March 1946, the British statesman added the atom bomb to the assets of Atlantic unity, but otherwise remained within the line of argument traditionally propounded by the Round Table. Explicitly referring to the 'fraternal association of the English-speaking peoples', his statement met with hostility on the part of universalists like Wallace but also irritated Stalin, who in an interview correctly pointed to the analogy between Anglo-Saxon chauvinism and racism.⁸⁷

Soviet sphere-of-interest policy hardly warranted Churchill's advocacy of an Atlantic Union. Coupled to an illusionary idea of post-war reconciliation with liberal capitalism which took shape in the course of the war, Stalin's essentially defensive policy only corresponded obliquely with the world-wide upsurge of the forces of change haunting the imperialist leaders; yet served as a pretext for American-led counterrevolution. In the spring of 1943 Stalin dissolved the Comintern, a measure, according to its author, which was 'proper and timely because it facilitate(d) the organization of all freedom-loving nations against the common enemy'.⁸⁸ As in

previous changes of Comintern line, strategy and tactics were scarcely distinguished. Stalin preferred to adorn each tactical shift with the full paraphernalia of Marxism-Leninism and the Communist parties outside the Soviet Union duly followed suit. Therefore, although the political influence of these parties grew immensely due to their resistance record and the heroic struggle of the Soviet armies on the Eastern Front, the conciliatory policy towards the United States and Britain had the effect, as Claudin rightly observes, of 'spreading among the masses the illusion that equality and fraternity between nations were compatible with the survival of the principal imperialist states; the illusion that these states, by virtue of their being at war with their capitalist rivals alongside the Soviet Union, really intended to build an ideal world.'⁸⁹ This, exactly, was the message Roosevelt was trying to get across, and American idealism, thus, found a paradoxical resonance in the Western Communist parties.

At the very level of international trade-union cooperation, the Soviet Union also found itself on the defensive. At the high tide of wartime Allied cooperation in December 1943, the TUC announced plans to hold a world trade-union conference for 1944. Its proposal to include the Soviet trade unions in the preparations for a new international trade-union organization led to the AFL's refusal to take part and ushered in the CIO. In the course of 1945, two conferences led to the foundation of the World Federation of Trade Unions (WFTU) in September. United Nations recognition of the new organization, however, was withheld after the AFL galvanized British and American opposition.⁹⁰ On the other hand, the Americans invested greater energy in reviving the old International Labor Organization (ILO), which was integrated into the United Nations framework. The influence of American idealism resulted in the adoption of priorities reflecting the value scale of bourgeois society like the selection of individual human rights as the central focus of ILO social policy at the 26th International Labour Conference in Philadelphia in 1944.⁹¹ More specifically, a corporatist format for international trade-union activity was proposed in 1943 by Bevin in reference to Article Five of the Atlantic Charter. ILO-coordinated industry-wide bargaining could serve to uphold previously established wage bargaining practices in the context of a liberal world economy.⁹² In fact, this idea was meant to facilitate the Atlantic extrapolation of the New Deal and its articulation with European bargaining practices at the international level. It would take until the Marshall offensive, before the AFL and the International Trade Secretariats (ITSs), which already were committed to the international bargaining practices envisaged for Bevin's ILO Industrial Committees, would be able to destroy the weak WFTU and impose their Cold War concept on the Atlantic trade-union movement in the context of a renewed American offensive.