

Chapter 6: The Marshall Offensive and Capitalist Restoration in Europe

1. Corporatist Stalemate in Liberated Europe

American world hegemony after World War Two served to generalize a new mode of accumulation in the North Atlantic area. The Roosevelt offensive, in which the forces supporting the Atlantic extrapolation of the New Deal first were welded into a stable coalition, created the general political conditions for this new era but without yet securing its economic substructure. This was not achieved until the subsequent Marshall and Kennedy offensives, which led to a concrete transformation of the European class structure along lines of the US model. The offensives tended to mobilize the elements least tied to specifically national class configurations and most susceptible to opportunities engendered by mass production and consumption in a highly internationalized context. Politically, the transformation of liberal internationalism into corporate liberalism was most conspicuous in the European Liberal parties and in Social Democracy, since even apart from concrete Atlantic allegiances and interests dating from the turn of the century, the self-confident approach to revolutionary challenges characterizing the Wilsonian-type offensives most easily was inserted in the internationalism traditionally espoused by these parties.

In 1945, however, the temporary hegemony in the United States of a conservative, domestically-oriented configuration of the bourgeoisie was matched by narrowly national class compromises in Europe, in which there was little room for internationalism. On the European continent, the power of the working class and the general mood of change at the end of the war jeopardized the entire framework of capitalist relations of production. In such a situation, only those groupings on the Right that had cultivated a working-class base of their own could be trusted to handle the precarious give-and-take that was necessary to save capitalist production relations. This was not merely a matter of capitalists' calculations. Metropolitan and colonial trade and shipping had declined during the war, as had those branches of industry, like textiles, which had developed in the context of empire. Accordingly, the European liberal parties and liberal tendencies, traditionally associated with these activities, found themselves in an objectively weak position after the war. Having developed no working relationship with the working class beyond cash payment, they had to leave the task of reconstruction to the corporatist tendency in the bourgeoisie capable of working with the Socialists and Communists.

Visiting Western Europe in 1946, an American correspondent considered the degree to which religious loyalties had penetrated politics the most outstanding feature of the contemporary political situation. 'Movements close to the nationally prevailing Christian churches have emerged as a mainstay of new social integration all over Western Europe - with the one exception of England. . . . In the Netherlands, Belgium, Denmark, and Switzerland, Christian parties had developed positive social action long before the war. And it could not exactly be called a surprise that Italian Catholicism

was politically available when Fascism evaporated. But the ascendance of the Catholic Mouvement Republicain Populaire to controlling power in France is an unprecedented political success story.' Both in France and in Italy, moreover, the American observer was struck by the 'remarkably smooth cooperation' between Socialists and Catholics. I

In Germany, the Christian Democrats soon became the favourite political formation of the Americans. Like the network of Goerdeler and Bosch, and the Protestant group of Bonhoeffer, a small Catholic underground had been active under the Nazi regime: the Walberberger circle. This group drew its members mainly from Rhineland and Westphalia, and discussed postwar social relations in Germany in terms of a reconciliation between the classes. The areas mentioned had been described as a cradle of Christian ethics and international reconciliation by Fritz Thyssen in his book *I Paid Hitler*, and had been accordingly recommended as a pivot of a new post-Hitler Germany. With the separation of the Eastern half of Germany and its aristocratic traditions, the possibility of experimenting with more elastic methods of social control had been objectively enlarged. Traditionally, the Rhineland area as well as parts of Bavaria had been adverse to the Prussian system, and it was the Church, the only legal institution available at the end of the war, which served as the vehicle for capitalists and politicians from these areas to put their ideas into practice. 2

Adenauer, it will be recalled, had traditionally been a proponent of reconciliation with France, and had actually been nominated president of a separate Rhineland republic favoured by France when socialist revolution threatened the integrity of Germany. Moreover, he had extensive ties both with American capital (through his marriage with a Zinsser daughter, of the Morgan/Dresdner Bank network, which made him a relative of McCloy and Lewis Douglas) and with German capital.³ The most important connection in the latter respect was his lifelong association with the Oppenheim bank in Cologne: first, through a friendship with the bank's partner, Louis Hagen; later, also with Robert Pferdmenges, who became a partner of the bank in the 1930. Both Adenauer and Pferdmenges had been close to Kurt von Schroder until 1933; while Pferdmenges also had ties with the Deutsche Bank, which Radkau takes as a clue explaining the major role of that bank's president, Hermann Abs, in West German affairs after the war.⁴ Like Adenauer, Pferdmenges kept his distance from Nazism and actually was among those arrested after the 20 July affair. He became the key figure in the new CDU, organizing the new party in the Rhineland and setting up the financial fund for the conservative parties to improve their performance in the 1949 federal elections.⁵

This web of connections, to which others might be added (like Adenauer's relations with the Wehrhahn mining and grain merchant family), for the moment, however, were less important than the capacity embodied by the Christian Democrats to re-establish a hold on the working classes and restore the legitimacy of capitalist rule. Adenauer had extensively studied Catholic social doctrine in the 1930s, and although he was also influenced by liberal economic theory (Ropke), he took care to insert its teachings in a comprehensive doctrine of which the 'social' aspect was stressed re-peatedly.⁶

In 1945, the capitalist class as a whole was on the defensive, and modernizers among the German manager class were ready to consider a degree of workers' control

in order to save capitalist relations of production as such. On the ideological front, the corporatist bourgeoisie even went further. In the radical Ahlen programme of the CDU, they denounced Nazism as a form of state socialism. Displaying considerable boldness in this respect, CDU propaganda even claimed that its social doctrine went beyond Marxism.'

Meanwhile, the SPD, the most powerful party on the Left, allowed itself to be incorporated in the Western occupation policy without aiming a share of power. Schumacher, its leader, was obstinate to both the Americans and the Russians. According to McCloy, he was 'one of the most effective anti-Communists in Germany', but in international affairs, his attitude according to Acheson was 'just the same as if he were a Communist'.⁸ In the US zone, in line with the prevailing attitude in the United States, no Socialists were allowed in the government bodies created by the military authorities. Only in the British zone were German administrative organs allowed, and in 1946, the Socialist, Victor Agartz, was made the head of the economic council of the British zone after protests over the background of the initial incumbent, rayon magnate and International Chamber of Commerce stalwart, Abraham Frowein.⁹

Very much in the same vein as the German Christian Democrats, the Italian DC, which had been one among several parties of comparable strength in the Badoglio coalition, tried to outflank the Communists in terms of proposed social reforms. In the context of national unity, they were able to become the leading party in the country within two years. The majority of the peasants and the urban petty bourgeoisie 'who voted for the DC in 1946, did so, Claudin shows, not because they were reactionary, since the DC programme was for all practical purposes as radical as those of the Left, but because DC radicalism bore the stamp of the Church whereas the others did not. ¹⁰

In France, national reconstruction was supervised by a broad coalition ranging from the Gaullists to the Communists. This coalition was based on a broad acceptance of the thesis that, as the First modernization and Equipment Plan of 1946 put it, 'in the years to come France will have nothing to live on but the product of its labor' ¹¹, and found its common denominator in a high-pitched quest for the restoration of French *grandeur*. Upon a visit to an international business conference in the United States, the Nestor of the French state-monopoly tendency, Ernest Mercier, declared that France was not in need of American dollars. 'Money will not do the job of reconstructing France', he told his audience, 'only our own toil will do that - probably ten years of it'. ¹² A substantial segment of French bank capital was nationalized in order to centralize accumulation funds, and several industries and firms were placed under state supervision on account of economic collaboration during the occupation. In the same vein, a 'national solidarity tax' was levied on stockholders and a tax on illicit profits was enacted. ¹³

In the Netherlands, too, a self-contained industrial reconstruction policy was undertaken which initially proceeded on the assumption of a mobilization of domestic labour-power resources only, even discounting income from Indonesia. A drastic monetary purge was carried through and a war capital-gains tax, together with a special personal wealth levy, were introduced in 1945. ¹⁴ A corporatist concept of control here was worked out in the circle of political and business leaders held as hostages by the Nazis near Eindhoven, and put into practice by the first post-war government

composed of Christian Democrats, Socialists and independents. Unlike their Belgian and French counterparts, the Dutch Communists however were not included in the national reconstruction government. 15

Britain had not been occupied, and capitalist relations were not in danger. Yet, as the conditions determining the policies of national unity were not national, but international, the same national corporatism was noticeable in Britain. The Labour government embarked upon a programme of social-welfare reform and a policy of cheap money to facilitate postwar re-conversion of industry. It secured the support of the TUC by rescinding in 1946 anti-union legislation dating from the aftermath of the General Strike. Significantly, the corporatist concept developed from the productive-capital point of view also made itself felt in the Conservative Party. Confronted with an upsurge of the Left of which the Labour election victory was only one instance, the Conservatives, not unlike the continental Christian Democrats, took pains to present themselves as contemporary, forward-looking, and even assumed a 'radical appearance'. 16 This was mainly due to the programmatic activities of R.A. Butler, a state monopolist and board member of Courtaulds. While Churchill was concentrating on defending British imperial interests against American and Soviet designs, a Conservative 'Industrial Charter' was launched by Butler, Macmillan, and others. The Charter's corporatist and state-monopolistic concept reflected the conciliatory policies that a segment of the capitalist class at this juncture judged necessary, and in the prevailing climate even became a bestseller. 17

In Belgium, industry emerged relatively unharmed from the war with control of the Congo intact as well. Although the attempt by Liberal finance minister Gutt to make his deflationary money reform the basis of a full-fledged liberal economic policy was thwarted, and the Pierlot coalition was brought down over the issue in February 1945, it seemed as if in Belgium the liberal-internationalist bourgeoisie, thriving on colonial profits (and with temporarily booming textile and steel industries as well), was largely able to avoid the corporatist conjuncture. The only major intervention in the economy on the part of the new Liberal-Socialist-Communist government involved an ill-fated attempt to rehabilitate the coal mining industry. 18

Contraction of American Involvement

The inward-looking American posture of the period was an aspect of basically defensive approach to working-class pressures. The large-scale privatization of federally financed plant and equipment, well as the magnitude of pent-up consumer demand would have seemed to make a Red Scare irrelevant. Yet, as domestically oriented small capitalists as well as rentier elements reinforced themselves in the profit-distribution process, the New Deal stalemate between capital and labour threatened to re-impose itself. In these circumstances, and following a strike wave in early 1946, anti-labour sentiment gained an upper hand, and a Republican majority was returned to Congress, elected on an anti-labour, anti-taxation platform. The Republican Congress quickly passed the reactionary Taft-Hartley Act which outlawed solidarity strikes, secondary boycotts, forbade trade-union political donations and required an anti-communist affidavit of trade-union officials.

The conservative turn on the domestic front interacted with a loss of impetus abroad. Key American projects, like the International Monetary Fund (IMF) and the

World Bank, as well as the eventually abortive International Trade Organization (ITO) ran into the increasing sphere-of-interest compartmentalization of the world economy. Among managers, surveys during the war revealed that internationalism was fairly steadfast and, as a consequence of wartime industrialization, had even spread to the formerly isolationist areas the West and Midwest. It was recognized that US productive capacity, notably in the capital-goods sector, required developed foreign markets in order to avoid a major crisis and a deepening of state intervention. As Easkins has shown, anticipations of the Marshall Plan, although lacking the anti-Soviet aspect, had been formulated by the National Planning Association and the Committee for Economic Development as early as 1944.¹⁹ American capital with its immense productive resources and mass production techniques, occupied an incomparable competitive position in the world economy. But to take advantage of its position, American industry required a drastic liberalization of the world market. At the end of World War Two, American firms operating abroad were confronted with 'discriminatory tax and labor laws, inability to withdraw profits, and the constant threat of expropriation', notably in Europe.²⁰

The Bretton Woods system centering on the IMF was meant to provide American capital (and capitals matching their accumulation conditions) with an integrated circuit of capital internationally, but it was unclear how to begin to implement currency liberalization, when it seemed that the British Empire might suddenly break apart. During the debate in the US Senate on Bretton Woods, the isolationist opponents led by Senator Taft wanted to insert a clause requiring that any IMF member wanting to use the Fund's resources would have to remove all exchange restrictions first. The principal proponent of the new system, Senator Barkley, countered this demand by recalling that Britain had introduced the economic controls at a time when the country was 'all that stood between the rest of the world and Hitler' and by expressing his confidence that the British would do away with Sterling area controls in due course. 'No man who has been very ill is expected to get up and walk right away', he said.²¹

An international business conference assembled in New York at the close of 1944 had illustrated, at the private level, a comparable waning of American resolve. As *Fortune* reported, the Bretton Woods proposals were not opposed, but neither were they endorsed. Moreover, 'out of deference to the British, the report on cartels did little more than recommend further study'.²² The readiness to allow European affairs to be handled the European way reflected the awareness that the United States temporarily was not capable of underwriting any alternative.

In this context the Atlantic connection dating from the interwar years, with its centre of gravity in Germany and comprising a series of investment banks linked to the Rockefeller group and Dillon, Read, reasserted itself. In the summer of 1945, Winthrop Aldrich of the Chase Bank and president of the International Chamber of Commerce, visited Germany and succeeded in making his bank the correspondent institution of the newly founded Bank Deutscher Lander, the precursor of the eventual central bank of West Germany.²³ McCloy, the American High Commissioner for Germany, was close to the Chase Bank as well, and would become its head in 1953. McCloy's deputy was B.J. Bottenwieser, of Kuhn, Loeb.²⁴ Among the American military authorities in Germany, Dillon, Read was represented by director William Draper, who first held the

job of economic head of OMGUS, the American military government, and after 1952 became European head of the Mutual Security Administration. In the War and Navy Departments, Patterson, a Wall Street lawyer for US investors in Germany, and Forrestal, president of Dillon, Read, were the respective secretaries. 25

In the period preceding the Marshall Plan, the old German hands in the American bourgeoisie exerted all their considerable influence against the spectres of German de-industrialization and neutralization. They lobbied strenuously against Soviet and French reparation demands in order to ensure that German industrial assets would be available to support the recovery of capitalist Europe. Their strategy was to make the heavy industries of the Ruhr a core of a new Western European economy: an idea first broached to Secretary Forrestal in 1945 by Ferdinand Eberstadt, a former Dillon, Read partner. 26 John Foster Dulles, then a Republican advisor to the Democratic State Department (and capitalizing on the new weight of his party in Congress), vigorously endorsed the idea. Further, in January 1947, he proposed the unification of the Western European coal and steel basin as a bulwark against the Soviet Union. 27 And in August 1949, Dulles declared during Senate discussion in closed session that 'if the I treatment of Germany is such as to involve the Germans becoming more friendly with the Russians than with the West, we are wasting any money at all in Western Europe.' Germany, even if only its Western half, would have to be fitted into the structure of Atlantic integration rather than allow self-determination lead to a disintegration of the Western European capitalist economy. 'Russia has indicated her willingness to withdraw if we do the same, and we are not willing to do the same', Dulles declared on the same occasion. 28

The eventual partition of Germany was explicitly envisaged in this light. In late 1946, Truman for the second time sent Herbert Hoover to Europe to assess the economic and food situation. Hoover's chief assistant, the German Weimar liberal, Gustav Stolper, in January 1947 put the question offending Germany after the loss of its Eastern half as a key priority in a memorandum to Hoover. A partisan of partition even at the cost of an open conflict with the Soviet Union, it was Stolper who drafted the eventual Hoover Report which recommended putting Germany on its feet by stimulating German exports and thus terminating the need for emergency aid. 29 146

2. The 1947 Turning-Point

Beneath the surface economic geography of Europe a more fundamental problem resided in the prevailing class configurations carried over from the prewar period. If a Western Europe capable of with- standing the challenge of socialism was to be created and made part of an Atlantic economy in which the American mode of accumulation could be generalized, the restructuration of European class relations to resemble the US pattern was mandatory. This activist perspective, typically transcending the rentier outlook and reflecting the synthetic interests of internationally-operating finance capital instead, required the 'euthanasia' of class fractions associated directly with previous modes of accumulation. With respect to Germany, it was James Warburg who at this juncture specified the problem and advocated an offensive solution to it in a book called *Germany - Bridge or Battleground?* , published in 1947.

Germany, Warburg wrote, was the hub of the whole European economy, 'the largest single compact mass of skilled labor on the Continent'. It should be transformed from the 'present poor-house and plague-center', as he called it, 'into a powerhouse for a rapid reconstruction of Europe, without letting the powerhouse acquire too broad a permanent franchise and - above all - without letting the powerhouse ever again become an arsenal'. Demonstrating a solid grasp of the offensive approach to social revolution, Warburg argued that 'the Westward thrusting of Communism will not be stopped by any physical frontier. It can be stopped only by a planned, US-aided reconstruction so liberal and even revolutionary as to meet the challenge on its own grounds, and to strike the meaning from the accusation of American "dollar diplomacy"'. This offensive, the author estimated, would have to be directed at restoring German unity, which remained the key to the reconstruction of a viable European economy. 30

Warburg premised this Wilsonian perspective upon the imperative of reshaping class relations in Germany. What needed restructuring, the banker argued, was the German ruling class, which had appropriated the fruits of German capitalism and used them for war-making. German respect for status positions served as a breeding ground for authoritarianism, and foreign military government in this respect hardly distinguished itself from previous forms of government. Therefore, Warburg proposed to intervene directly in the German class structure. 'If the German machine produces, as it has in the past, for an authoritarian state controlled by a Junker- industrialist clique, it will probably produce ultimately for war -no matter what limitations are imposed on it.' 31

There was another factor, which both had determined the rise of 'Junker-industrialist' clique in Germany and now constituted the basis for the corporatist stalemate, and that was the strength of the organized working class. The liberal-internationalist strategists in the American government like Will Clayton, Undersecretary of State for Economic Affairs, who played a key role in US post-war planning and in formulating the ambitious International Trade Organization (ITO) plan, were to find out for themselves that the corporatist, state-monopolistic policies pursued in Europe did not primarily derive from a positive programme, but rather were forced upon the ruling class in the absence of a viable alternative. Hence, when Clayton travelled to Geneva in April 1947 to press the American proposals for the ITO, he had to conclude that the less comprehensive General Agreement on Tariffs and Trade (GATT), which was simultaneously being negotiated in Geneva, was the best the United States could hope for in the face of the anti-colonial and Soviet challenges. After the Geneva conference Clayton toured Western Europe to assess the immediate needs and wishes of the Western European governments. His letters to Washington played an important part in the preparation of the Marshall Plan. 32

By that time, the lack of real thrust in American policy compared the aggressive language of the President increasingly began working against the Administration. The Republican Congress in 1947 trimmed Truman's modest foreign aid programme but at the same time charged his administration with being soft on Communism. The congressional mood, Barnett writes, was 'characterized by a blend of economic isolationism and political belligerency, while abroad, revolutionary

situations in Iran and Greece both in the British sphere-of-influence) and Communist-supported 'construction with protectionist overtones in Western Europe threatened vital American interests. The threat of a breakdown now activated the state apparatus most directly involved, the State Department. As Jones writes, 'by the very nature of things the United States and the West were on the defensive in 1945 and 1946 (Secretary) Byrnes' role was a defensive role. But it is highly doubtful that, given his relations with the President and the State Department staff, he could have played any other. '34 Byrnes was replaced by General Marshall, the chief military officer of World War Two, but it was in fact Dean Acheson who ran the State Department under Marshall's nominal command. 35

The new Secretary immediately expressed his concern over the trend towards financial conservatism dictated by the forces in Congress who at the same time wanted strong action against Communism. 'I have been much concerned at the budget cuts as they relate to what I am moving into in foreign affairs', he told the Senate Foreign Relations Committee in February 1947. Amounting in Marshall's opinion to a beginning of withdrawal, 'it will stir up a complete lack of faith in any pretensions we make to accept our responsibilities in the world. '36 In the same month, a British note communicating the intention to suspend aid to Greece and Turkey propelled the new foreign-policy leadership into action. The activists in the State Department within a few months were able to galvanize the critical mass of interests which had been developing in reaction to the haphazard incrementalism of the preceding period. The Greek crisis provided the opportunity for launching the Truman Doctrine and its programme of aid for the Greek counter-revolution Britain was forced to forsake; at the same time, it broke the limits imposed on foreign spending. If American dollars were used in the name of a comprehensive programme against the Soviet Union and Communism, a broad agreement between the traditional internationalists and the nationalists strong in the Republican Party was possible. The scenario for such a reconciliation had already been rehearsed by the architect of congressional bipartisanship, Senator Vandenberg, who urged Truman to 'scare hell' out of the American people and to 'mobilize facts' concerning alleged Soviet violations of the Potsdam Agreement in order to arouse public opinion. 37

The Marshall Plan announced in June carried the new offensive further: by injecting purchasing power for innovating production into Western Europe it represented the first important step in exporting American accumulation conditions. This aspect of the Marshall offensive catered to the corporate-liberal fraction which likewise moved closer to power in the course of 1947. In early 1947, Averell Harriman succeeded Wallace as Secretary of Commerce, and the eventual Harriman Report on the implementation of the plan announced by Secretary of State Marshall in June was crucial in determining the Economic Cooperation Act of 1948. With Clayton, Harriman, and such members of the Harriman Committee as Paul Hoffman, back on centre-stage, corporate-liberal internationalism resumed its tenure in Washington. 38

The establishment of American hegemony in the North Atlantic area was directed simultaneously against the spread of planned economy and social revolution beyond the Soviet-controlled areas in hope and against the national, self-contained reconstruction programmes pursued by most Western European states in the immediate postwar period. These programmes, in which local Communist Parties participated,

were judged unsuited for maintaining capitalist rule in the long run. 'Europe would have been Communistic if it had t been for the Marshall Plan', Marshall Aid administrator Paul Hoffman claimed in February 1950.³⁹

At the same time, the Marshall Plan aimed at laying the material foundations for an Atlantic economy based on the generalization of Fordism. Through the Technical Assistance and Productivity program, the complete inventory of Taylorism and Fordism, like merit rating, job classification, shift labour in continuous processes, and so on, was exported to Western Europe. The key component of Marshall Plan hardware deliveries in this context was the technology continuous wide-strip mills for the steel industry. These advanced means of production were capable of producing large quantities of cheap sheet steel for automobiles and household appliances, and, thus, were instrumental in subordinating the traditionally reactionary steel industry to the system of relative surplus-value production, while at the same time consolidating the subordination of the , steel industry to the powerful automobile groups by cheap imports. ⁴⁰ Twenty years after their introduction in the United States, the wide-strip mills with American aid broke the cartel barriers which hitherto had prevented their installation in Europe. In 1939 trope possessed only two such mills, with important restrictions their output imposed by their cartelized competitors;⁴¹ by 1953, in contrast, France, Germany and Britain each had three wide-strip mills, with others in Austria, Luxemburg, the Netherlands, and Belgium (two).

Hoffman, the former president of Studebaker and founder of the corporate-liberal vanguard, the Committee for Economic Development, intervened wherever policies contrary to the envisaged new production system threatened to be enacted, as for instance in the case of the original steel nationalization in Britain. Speaking to US Senators in closed session, he reassured them that the 1950 Schuman Plan for a European Coal and Steel Community was designed to facilitate the new Fordist mode of accumulation. 'Heretofore, the ice has been too high and wages too low for people to buy the products of the steel industry to the extent that they buy the products our steel industry here', Hoffman said. 'We take a ton of steel and put it in an automobile and you know how very few people can afford to buy an automobile in Europe. So, if you start this process, raising wages and lowering prices, you get that great expanding market in Europe, and that will take care of this increased production. Henry Ford introduced US to that new principle, and, when he did so, he started a revolution 'that we are still benefiting by, and I think that the Schuman plan may have that result in Europe'.⁴²

The American Unions Versus European Labour

Raising wages with these connotations required that in participating in the new mode of accumulation, the European working class limit itself to purely economic demands. Thus, in the context of a general confrontation with the Soviet Union; the Marshall offensive aimed at the elimination of revolutionary and anti-systemic ideologies in the Western labour movement. In this aim, the Atlantic corporate-liberal bourgeoisie found its privileged partner and relay in the Social Democratic parties,

which under the impact of the American offensive would themselves undergo major transformation.

Yet, between 1947 and 1951, neither the international situation nor the domestic American class struggle were such as to generate a full-scale offensive. The social-imperialist aspect of the Marshall offensive was correspondingly disjointed; its constitutive elements were scattered over the four years in which, by leaps and bounds, the expansion of the American economy proceeded. A formal intervention aimed at preventing the trade unions from reaping the fruits of labour scarcity even was more or less avoided during the Korean War. In late 1950, a Wage Stabilization Board was installed to deal with pressures arising from war-induced full employment. In January of the next year, a wage and price freeze became effective. This time a slight increase of wages relative to cost of living did bring benefits to the workers, but then, in retrospect, controls hardly affected the trend of wages in the first place. 43

As far as the two main American trade-union organizations were concerned, the offensive context in which they undertook their foreign activities contributed to the gradual convergence of their respective positions, even if important contradictions remained. Because of the McCarthyist witch-hunt, the CIO gradually divested itself of its radical heritage and democratic procedure. The CIO's eventual decision to withdraw from the WFTU, and its joint action with the AFL to establish the International Confederation of Free Trade Unions (ICFTU) in 1949, were largely the initiatives of leaders trying to claim a place for the industrial unions within the Democratic Cold War consensus. Opposition to this anti-Communist turn within the CIO was met by the abrupt expulsion of thirteen class-conscious unions at the 1949 Convention. As to the AFL, a sympathetic observer writes that since the bulk of the membership and leadership were not interested in or informed about international labour problems, 'a handful of AFL leaders, assisted by several of their staff, constituted the AFL foreign-policymaking elite'. 44

Extending their own brand of economic unionism to Europe was a concern of both organizations, but as support activities in Europe were largely uncoordinated, a welter of trans-Atlantic connections was the result; through which unresolved conflicts between the two US unions became part of a wider set of political struggles. In the American zone in Germany, a conflict erupted over the issues of de-Nazification and anti-fascist trade-union organization between the AFL and the CIO, and between them and the 'New Dealers' in the American military government (OMGUS). German labour leaders in the United States had formed a German Labour Delegation in exile and obtained official recognition from the AFL. In April 1945, a Free German Trade Union Committee was launched in American-occupied Frankfurt. Due to the restrictions on political activity decreed by the Americans, this organization failed to be effective in moderating the influence of radical elements at the local and plant levels.

The initial willingness of the New Dealers in OMGUS to allow radicals to support their de-Nazification effort was soon overruled by the American business cronies of General Clay. The AFL likewise exerted its influence to thwart the grassroots democratization movement, although it took a visit of AFL Vice-President Doherty to Germany to ensure that the American military authorities heeded the organization's wishes. As a result, the CIO and the WFTU were denied facilities in the American zone altogether. 45

Thus anti-fascist elements in the German working class and their sympathizers among the New Dealers in OMGUS were effectively frustrated at an early stage, but the mass basis for a 'moderate' alternative was not yet available. To remedy this situation, individual trade-union bureaucrats like Markus Schleicher, the president of the Free Trade Union Committee in the American zone, and Blockler in the British zone, were parachuted in by the military authorities to negotiate directly with the German employers.⁴⁶ These men took the lead in propagating the American pattern of trade-union organization. Upon his return from a trip to America, Schleicher told German workers' audiences in 1948 that they should be ready to discard the traditional German idea of workers' councils. Only then could they benefit from the type of national political influence that had so impressed him on his American tour.

The German labour movement's traditions could not be discarded with so easily, however, and the consolidation of economic trade-unionism in Germany was forced to absorb the council idea to a considerable extent. Indeed, it was precisely in order to stave off the dangerous socialization demand of the German Left, that the AFL began giving qualified support to the council idea. Eventually, the AFL formed a truly Atlantic bloc with the DGB to force the German employers' organizations and the US National Foreign Trade Council to accept the introduction of co-determination (*Mitbestimmung*) in heavy industry, and in 1952, on terms much more unfavourable to labour, in the rest of German industry.⁴⁷

As the Marshall Plan got under way and the *de facto* partition of Germany became permanent, AFL intervention was also extended to supporting specific activities of the SPD, like the latter's undercover work in the Soviet zone. Significantly, the AFL already in 1947 had endorsed German rearmament.⁴⁸ The predominance of the AFL over the CIO ingredient in American trade-union intervention in Europe was based upon intransigent anti-Communism and this dovetailed with indigenous factors determining the resurrection of the German trade-union movement. The reformist tradition of the German trade unions, as well as the effectiveness of Free World ideology in a partitioned country, were complemented by AFL activity, not created by it. The claim of one of the AFL organizers, David Dubinsky, that the German trade unions would have 'gone Communist' in the absence of AFL intervention was an exaggeration; unless he meant that in the event of a series of developments linking the Greek Revolution with a popular front modification of one of the national coalition governments somewhere along the Mediterranean coastline, the weight of Atlantic liberal capitalism in Europe might have been critically reduced, ultimately involving Germany as well.

Such a critical juncture might have materialized in France, where the AFL was by all means an outsider. Given the resistance record of the Communist-led general trade-union organization CGT, AFL organizer Irving Brown considered the French situation to be 'not very encouraging'. Yet several contacts had been made with anti-Communist elements in the CGT, in particular with the Force Ouvrière (FO) group. Brown's strategy of encouraging opposition within the CGT still backfired at the 1946 CGT convention, but the Communists' growing difficulties in getting the French workers to support the 'battle for production' without compensating political gains tended to create a more favourable climate for stirring the opposition forces. Brown

eventually succeeded in establishing fruitful contacts in Socialist circles, which had been supported by various American labour organizations since the end of the war. 49

The radical tactics of the Christian trade unions, on the other hand, which persisted as long as the Communists were in the government and which had a distinct agent-provocateur quality, did not attract AFL support. The AFL's concern was not to promote just any anti-Communist working-class agitation, but rather to build 'AFL-type unions that would not only guide trade unionism in a stable craft direction, but would work to gather support for US foreign-policy objectives among European workers'. 51 The Christian unions therefore by default became the object of CIO attention, and relations between the CFTC (today's CFDT) and the CIO unions persisted well into the 1960s (and after the merger of the AFL and CIO in 1955).

The cleavages in the CGT had deep local roots, but were aggravated by the Marshall offensive and the machinations of the AFL. What the AFL contributed notably was the militant anti-Communism often lacking among older reformist trade-union leaders like Jouhaux, who were still committed to what Irving Brown derogatorily called the 'myth of working-class unity'. The AFL, therefore, expressly supported the forces working for a split, by-passing the leadership around Jouhaux which hoped to regain a majority within the CGT. The AFL wanted a rupture, not just with Communism, but with any form of class perspective. As in Germany, the break therefore was not just with Communism, but with indigenous working-class tradition in general. The Americans sponsored avowedly Atlanticist leaderships that were ready to discard the national heritage of the labour movement. The results of this strategy varied greatly. The split in the CGT, formal in November 1947, brought only a minority into the pro-American camp, a minority which moreover had not succeeded in divorcing itself from the old reformist leadership, of whom several, but not all, followed Jouhaux into the *CGT-FO*.⁵³

Although hardly a weak link, American influence in the British Labour Party was reorganized and made more effective in 1947. In the autumn of that year, the editorial board of the journal *Socialist Commentary*, which had been the organ of the non-Communist German Left exiles in Britain, welcomed Oxford lecturer Anthony Crosland, Allan Flanders, a former TUC official, and Rita Hinden, who had set up the Fabian Colonial Bureau. While AFL organizer Jay Lovestone recruited many of his agents from the former exiles around *Socialist Commentary*, the journal in its new set-up became the mouthpiece of the right-wing of the Labour Party and developed a close collaboration with the *New Leader*, an anti-Communist American magazine which from 1950 on was sponsored by the CIA. Flanders, who was in the United States studying the American trade-union movement, contributed anti-Communist articles to both publications, while Denis Healey, the future Labour minister became London correspondent for the *New Leader* in 1954.⁵⁴

The TUC leadership not only played a critical role in splitting the WFTU, but also propagated the American methods of scientific management that its representatives had become fascinated by in the course of Washington-sponsored junkets. 55 The ruling Labour Party, apart from playing a major part in shaping the institutional framework of Atlantic integration, complemented TUC activities on the European continent by supporting the pro-American split-offs in European Social

Democratic parties. On the other hand, rank- and-file Labourist support for the Nenni majority Socialists in Italy in 1948 was vigorously suppressed. 56

In Italy, the Americans failed to secure a majority in either the Socialist Party, or in the trade-union movement. They did, however, succeed in instigating defections from the main national trade-union centre, the CGIL. In October 1948, a confessional group walked out, and in early 1949 the new Social Democrats followed. The AFL supported the Italian Catholics; CIO support in Italy went to the Saragat Social Democrats and their union, the UIL.⁵⁷ The Americans took pains to weld the various factions into a single whole, and *Fortune* in 1949 reported that 'one of the brightest phenomena of the current political scene is the weekly meeting of Christian Democrat, moderate Socialist, and liberal Republican labor leaders in the office of ex-bricklayer Tom Lane, labor attaché of the US Embassy in Rome and chief of ECA's labor division'.⁵⁸ Ultimately, however, these disparate splinters were incapable of realizing unity beyond their anti-Communism and common dependence on US support.

In the Netherlands, the initially powerful unified trade-union organization, EVC, was pushed onto the defensive once the Marshall Plan got under way. The socialist union, NVV, which was discredited because of wartime collaboration but was subsidized by the AFL, successfully blocked negotiations for a merger. In turn, the NVV channelled funds to the French FO and, at the request of the Americans, sent propaganda teams to address German workers' audiences.⁵⁹ In Belgium, finally, the AFL provided invaluable support to the Flemish section of the FGTB. The FGTB, in turn, initiated the proposal to convene a trade-union conference confined to the Marshall Aid countries. O. Becu, the head of the Belgian dockers union who had worked for the American secret service during the war, became the head of the ICFTU in the mid 1950s.⁶⁰

The trade-union Cold War was greatly facilitated by the overall reorganization of the international trade-union movement which was part of the Marshall offensive. Initially, it seemed that because of its membership in the WFTU, the CIO would be in the better position to influence international trade unionism, but while the CIO was still trying to get the Marshall Plan on the agenda of the WFTU, the AFL in January 1948 launched the initiative for a trade-union conference of Marshall countries. The conference was held in March of the same year and pledged full trade-union support for the execution of the Plan. In January 1949, a split in the WFTU further dismantled wartime trade-union unity. Following preliminary discussions between the CIO and the British TUC, the latter made a breaking point of its earlier proposal to suspend all WFTU activities pending a reformulation of the organization's goals.⁶¹

Another trajectory of the restructuring of the international trade-union movement along Atlantic lines grew out of the resistance of the International Trade Secretariats to their incorporation into the WFTU. The ITSs, as indicated already, had developed industry-wide international bargaining. They could be expected to favour the institutional and political climate of the ILO (which moreover had made a concrete proposal to incorporate ITS-style international bargaining into its structure) over the WFTU which boycotted the ILO until 1947. The failure of the WFTU to absorb the ITSs further reduced the need for Western European trade unions to come to terms with the WFTU at all.⁶²

Welding together the reformist trade unions in the North Atlantic area, and isolating the Communist or class-conscious Socialist elements, were the most conspicuous achievements of the Marshall offensive with respect to the Western European working class. The rise of the ICFTU as the exclusive, anti-Communist trade-union international was the outcome of AFL predominance in the offensive. A more comprehensive offensive like Roosevelt's might have put the CIO in the forefront of the undertaking and even succeeded in subordinating the WFTU to American strategy. Thus, the defensive, 'negative' undertow of the Marshall offensive was reproduced by the prominence of the more conservative of the American trade-union organizations. Finally, through the purging and reorganization of the trade-union movement, an important step had been taken towards the restructuring of Western European labour relations to match the American pattern, opening the way to the further realization of an integrated circuit of capital in the North Atlantic area and the concomitant process of Atlantic class formation interacting with it.

3. The Realignment of the European Bourgeoisies

Universalism in the Marshall offensive was deflated to a Free World format. With respect to the Soviet Union, the wartime Grand Design was replaced by a policy of confrontation; with some important exceptions in Asia, the imperialist periphery largely remained untouched by the American offensive. The 'Atlantic' dimension of the Marshall offensive therefore indicated the limitations rather than the universalist potential of ultra-imperialist collusion. The re-emergence of the Atlantic Union concept worked out by Streit and Catlin between 1938 and 1941, and unearthed again by Churchill in 1946, should be understood against this background. Symbolically, Will Clayton, the 'unreconstructed Manchester liberal' who still in 1946 had declared that 'the people of the United States have accepted the fact that they are stockholders, whether they like it or not, in a corporation named the world'⁶³, and who throughout the war had worked for liberal programmes of global scope, in 1949 became one of the leaders of the newly-founded Atlantic Union Committee together with Justice Owen Roberts and the Secretary of War, Wall Street lawyer Robert Patterson. ⁶⁴

The actual initiative to found a North Atlantic military alliance was taken by Ernest Bevin in 1948 following a series of preliminary defence treaties between Western European states. Bevin, although vigorously supporting the counter-revolutionary policy of Churchill in Greece, nevertheless until 1947 subscribed to the Foreign Office strategy advocating a special relationship with Europe as a means to bolster the independent role of Britain in the Cold War.⁶⁵ Acceptance of the Marshall Plan, however, led to the demise of this option for the moment, and it was Bevin himself who, following the Prague coup in early 1948, urged negotiations on some form of formal Atlantic cohesion of a political nature. 'There should be held, very privately, either in Washington or at some point in Europe, consultations between the UK, France, Italy, and the Benelux countries for the purpose of exploring what steps all may take collectively, or in groups, to prevent the extension of the area of dictatorship', Bevin proposed to US Ambassador Lew Douglas. American observers were sceptical about Bevin's intentions, since they considered the Prague take-over as a defensive move to prevent the defeat of the Left in Western Europe from spilling over

to the Soviet sphere-of-interest. Yet in March, Marshall accepted the British proposal to begin secret tripartite talks (with Canada the third party) on an Atlantic security system. 66 After a year of negotiations, in which the British were able to remove an all too conspicuous US-Canadian draft provision regarding 'indirect aggression by invoking known French unwillingness to subscribe to overtly anti-democratic arrangements, the treaty establishing the North Atlantic Treaty Organization (NATO) was concluded in April 1949 in Washington. 67

The blockade of Eastern Europe was an integral counterpart to the Marshall offensive in Western Europe. The Foreign Assistance Act of 1948 commissioned the Marshall Plan Administrator in Europe to refuse delivery of American goods to producers planning to trade with European countries not participating in the Plan. Through the Export Control Act of 1949 and the Battle Act of 1951, with its additional provisions against non-obliging partners (which McCloy in Germany was having a hard time to bring in line), an effective embargo was established, coordinated through the Consultative ' Group Co-ordinating Committee (COCOM).68 Linking West Germany firmly to the Atlantic economy was a constant concern of American policy-makers in the period before its inclusion in NATO in 1955. Secretary of State Acheson in 1951 estimated that the Schuman Plan was useful in this respect as well, since it would 'pull Germany, certainly Western Germany, into economic relationship with Europe. It will tie it in and lay a foundation which will allay , fears that Germany might come loose and go off on an independent or pro-Russian policy'.69

Another dimension of the Marshall offensive was supposed to be the reinforcement of the weak links of the 'free world' economy amongst the underdeveloped countries. Significantly; however, of the series of American projects launched in the period, only one was meant to cover the world at large. Point Four, so named for being the fourth of a number of items announced by Truman in his inaugural Address of January 1949, was an assistance programme to underdeveloped countries. It was meant, according to its author, 'to enable [the underdeveloped countries] to help themselves to become, growing, strong allies of freedom'. For this role, they needed both to emancipate themselves from European colonialism and to stop short of socialism; Point Four accordingly had 'nothing in common with either the old imperialism of the last century or the new imperialism of the Communists'. 70

When Point Four was enacted in 1950, its budget was ten and a half million dollars less than the minimum requested and, even with subsequent accretions, it remained extremely cheap compared to comprehensive assistance plans like Marshall Aid. Moreover the programme went on stream when the offensive international posture of the United States was already giving way to a sphere-of- interest stance. Nevertheless, Point Four provided a valuable model at later junctures when the United States intervened in the periphery of European imperialism or reached for indigenous support beyond the military dictatorships in its own hemisphere. As Senator Fulbright declared in closed Senate discussions, comprehensive, formal assistance programmes were government-directed, tying the Americans in with 'many governments and governmental activities which we might hesitate to support under other circumstances.' Point Four style assistance, on the other hand, was cheap and allowed direct contact with people, giving them a 'forceful impression that we . . . are interested in them as people and are working directly with them.'71

Finally, the Marshall offensive coincided with an increase in domestic real-capital formation and, a sharp improvement of the US trade balance.⁷² Point Four, too, was conceived with an eye to sustained full-capacity operation of metropolitan industry. 'It has been estimated', Truman wrote in his memoirs, 'that an improvement of only two percent in the living standards of Asia and Africa would keep the industrial plants of the United States, Great Britain and France going at full tilt for a century just to keep up with the increased demand for goods and services.'⁷³ By the time of its promulgation, however, this grandiose project had lost its basis in both the growth of American production and the supposed unity of purpose between the neo-colonial and colonial powers.

American free-trade policy was only briefly interrupted when the Republican Congress in 1948 adopted a bill considered protectionist at the time. It was promptly repealed when the Democrats regained control of both houses in the November election. ⁷⁴ The embargoes against Eastern Europe and the relatively weak effort at penetrating the dependencies of European imperialism lent free-trade policy its markedly Atlantic accent. Free trade was an important element in the requirements placed before the recipient Marshall states by Undersecretary Clayton at the Paris conference in September 1947. Clayton's list, consisting essentially of a promise of regional self-sufficiency in four years, trade liberalization, and steps to achieve monetary and financial stability, which was repeated by the restive US ambassadors to each of the sixteen governments, showed the weight of Washington attached to the liberalization aspect. At the same time, it testified to the narrowing of the wartime global scope to Atlantic dimensions. The United Nations agencies, notably the Economic Commission for Europe which had been constituted not long before, had to be by-passed in implementing Clayton's seventh point: the creation of a permanent organization to execute the plan.⁷⁵

This requirement in the prevailing context reflected the liberal offensive thrust rather than a wish for European integration in the federalist sense. Discussing the need to make Western Europe immune 'against the appeals of Communism or any other ism', Hoffman told the Senate Foreign Relations Committee in early 1950 living standards were momentarily held down to allow a high of investment. But then, 'we know that there is no possibility of Europe becoming the kind of an economy that will make it a great or of strength in the Atlantic community unless we break down barriers between those seventeen political subdivisions with which we are working. . . so that you can have a single market, or something close to it, in which you can have large-scale manufacturing because you have a large market in which to sell'. ⁷⁶

The Marshall offensive sharply terminated the period in which cessions had been made to state-monopolistic patterns of international trade and payments. These restrictions had been rated to allow the European states to stabilize class relations during the precarious end-of-war period, a tolerance arising from absence of American capacity to underwrite an alternative icy. Now that the United States was on the scene, holding the keys to economic policy by its contribution to the modernization of European economy and control of equivalent sums of local currency as counterpart funds for US aid, the pressure was increased dismantle state-monopolist structures. Drawing a dark picture of man autarky policies before and during the war as an extreme variety of the inefficiencies of these structures, Hoffman declared that unless

something can be done to crack [the compartmentalization of the German economy], the enduring quality of our work will be present. '77

The balance of private versus public consumption of aid was one of the more complex problems of the Marshall Plan. Ideally aid was 'posed to be directed towards the private sector, with maximum nulus to American exporters or overseas industrial subsidiaries. 78 At the same time, however, heavy investment was necessary to ensure construction of the infrastructure for the rise of productivity and the lowering of overall energy and raw material costs. This could only to be accomplished through the capitalization of state companies, like power utilities.79 In some cases, as in France, Marshall Plan appropriations to the state sector even outstripped those to private capital. Accordingly, there was an in-built contradiction in the Marshall Plan between the aim of tearing down the vestiges of the state-monopoly tendency and the necessary recourse to state intervention in order to achieve the more fundamental aim of developing the infrastructure for the new Fordist mode of accumulation in Europe.

As far as monetary relations were concerned, an Agreement on Multilateral Monetary Compensation was concluded in late 1947. To this agreement, only the future EEC Six (with the Anglo- American 'Bizone' in Germany for the future Federal Republic) were permanent parties. The remaining countries of the Organization of European Economic Cooperation (OEEC), the club of Marshall aid recipient states, were only loosely associated. This arrangement, meant to enlarge the credit margin in mutual trade, was succeeded by two Intra-European Payments Agreements. In these agreements, at the prodding of the Marshall Plan authorities, elements like mutual capital aid, drawing rights from a common fund, and comparable arrangements were introduced. This time all OEEC countries participated, but the drawing rights were entirely dependent on American credit, and capital aid by better-off European states to poorer ones was also reimbursed by the Marshall Plan. These arrangements, therefore, reflected American preferences rather than the desire on the part of the European bourgeoisie to liberalize their payments arrangements.

In June 1950, the European Payments Union (EPU) was established. An American loan served as the initial contribution to the clearing-fund. Although this new set-up implied a major step forward to an IMF-like structure, the EPU was still very much tinged by the state-monopolistic approach. As Tew notes, it resembled Keynes's Clearing Union more than the IMF proper.80 At this juncture, however, American concern was still concentrated on the revival of international trade. This was seen as the precondition for the new assembly-line methods of production to make a real break-through in Europe. Hence the Americans made the important concession of allowing the dollar to be discriminated against if the European nations would resume mutual trading on a multilateral payments basis. In this way, the Western European Countries could lay the foundations for a domestic corporate-liberal synthesis and could build up their 'welfare states' without having to meet American competition directly.

Reorientation of European Liberalism

The Marshall Plan allowed the liberal-internationalist bourgeoisie in Europe with a background in either the colonial or the Eastern European circuit of money capital to restructure their interests in a wider Pax Americana. For this fraction, the

Free World literally was the last resort; otherwise, it was bound to disintegrate. By subscribing to the Marshall offensive and the Atlantic Union concept, however, the liberals once again helped clear the way for a mode of accumulation different from their own. For the concept guiding class formation of the European bourgeoisie henceforward would tend toward the corporate liberalism dominant in the USA. At the same time, the actual hegemonic concept would still shift between a liberal emphasis elicited by world market opportunities created by the American offensives, and a state-monopolistic emphasis noticeable when Atlantic class formation passed through the intermediate sphere-of-interest phases as American economic expansion and political activism contracted.

In all Western European countries under the impact of the Marshall offensive, the liberal bourgeoisie strongly reasserted its influence in the new Atlantic context. Liberal parties reinforced their position by entering the government or occupying key posts; but within other parties as well, notably Christian Democracy, the shift to liberalism was also manifest.

In France, the capital market was rehabilitated by rescinding previous measures prejudicing securities owners, floating state loans, and lowering the capital-gains tax and (in 1949) the tax on speculative trade. State income diminished drastically after 1948, and the accompanying deflationary economic policy attempted to mutually adjust the ongoing modernization and equipment plan and the owners' interests. Marshall Plan counterpart funds to a considerable extent were used for the Monnet Plan.⁸¹

Liberal parties in the IVth Republic first entered the government in January 1947, under the Socialist Prime Minister Ramadier, in this cabinet, the last in which Communists participated, the Radical Party had two posts (Justice and Vice Prime Minister); the UDSR, Pleven's party, one (Veterans) held by Mitterrand (in 1946, the UDSR already had briefly occupied a Vice Prime Minister post). Also in January 1947, Herriot, the liberal leader, became President of the National Assembly. In November, Rene Mayer of the Radical Party became Minister of Finance. Mayer introduced a deflationary money reform, the Mayer Plan, but attempts to make him Prime Minister were unsuccessful until 1953.⁸² In the subsequent, short-lived Marie cabinet, the first led by a Radical, Mayer was Minister of Defence; in 1949, he would be the parliamentary rapporteur on the NATO treaty.

The second major instance of the resurgence of liberalism in France was the premiership of H. Queuille, from September 1948 to November 1949. It was Queuille, acting as his own Minister of Finance until January, who succeeded in carrying through the major financial and monetary adjustments required by the Marshall Plan over the protests of the Socialists.⁸³ In the quick succession of governments in France that followed, the Radicals and the UOSR alternated in power, with Queuille and Pleven taking turns as Prime Minister three times between July 1950 and January 1952. In a moment, we shall come back to the actual capital groups involved in the liberal Atlantic turnabout.

In Germany, it was only in 1949 that a first Federal government was formed. The liberal Free Democratic Party, the FDP, had several cabinet posts, the most important of which, that of Vice Chancellor and, significantly, Economic Cooperation (i.e., the Marshall Plan), were occupied by the party's Chairman, Blucher. The party

remained in the government until 1956. The liberal fraction had a traditional stronghold in the textile industry. As far as support for the Atlantic Union concept was concerned, the managers of German subsidiaries of US firms should be mentioned as well. W. Bauer, a textile industrialist and a former associate of Goerdeler's, was president of the German branch of CEPES, a European study and pressure group of liberal capitalists. Vice-president of this body was Otto Friedrich, head of the Phoenix rubber company. Phoenix was 25% owned by the Firestone concern of the USA, and thus sought to enhance its competitive edge *vis-à-vis* Michelin of France. Friederich according to Braunthal was an ardent follower of Erhard's neoliberalism and was rated by *Fortune* as 'the German equivalent of a Paul Hoffman'. 84

Furthermore, from the bastions of inter-war liberalism, like Thyssen, AEG, and the Dresdner Bank, several representatives came to the fore as supporters of the Atlantic Union concept. H. Dinkelback, a director of the Vereinigte Stahlwerke and considered by *Fortune* to be an exponent of the managerial revolution, was 'pointed head of the Ruhr trusteeship by the Allies. Kurt Birrenbach, chairman of the board of Thyssen after the Vereinigte Stahlwerke had been dismembered, actually took the initiative in Germany to collect signatures for the 1954 Declaration of Atlantic unity (a gesture of Atlantic solidarity to which we shall come back later). The eventual eleven undersigned were liberal politicians and Düsseldorf Bank director and politician, F. Etzel; most prominent was Karl Messing, 'the most orthodox of all orthodox bankers' according to Sampson; former collaborator of Schacht, director of Unilever and in 1958, president of the German central bank.85

The key institution after the war channelling US investment funds to German industry was the Kreditanstalt für Wiederaufbau, a quasi-bank established in 1948. Its directors were Erhard, Schirner of the Deutsche Bank, Blessing, future Federal President Lübke, and the conservative politician, Seeböhm. It was alternatively headed by Hermann J. Abs and O. Schniewind. Of Abs, Pritzkolet writes that he embodied what remained of German creditworthiness in the eyes of foreign capitalists and governments in these crucial years. In 1953, he put his signature under the London debt agreement by which the Federal Republic undertook to fulfil the obligations of previous German governments. Abs's career, as noted briefly in Chapter Two, started with a banker's job in the Merton group, after which he joined the Deutsche Bank. There he continued to play a prominent role while this institution developed into a major prop of Hitler's Thousand Year Reich. After the war, his relations with the Metallgesellschaft and his command post in the Deutsche Bank were implemented by directorships in Shell, AKU, Solvay, Phoenix rubber, the German Libby-Owens, and other firms. Abs was chairman of the German-American Economic Association, of which Brinckmann, of the former Warburg bank and the German affiliate of Standard Oil, was vice-chairman.86 "

Otto Schniewind had been on Goerdeler's cabinet list in 1943. Privately engaged in insurance and real-estate financing, he was also connected with Felten and Guillaume of the AEG group. Like Abs, Schniewind remained committed to Goerdeler's strategy of carving out a German-dominated European sphere-of-interest as part of an Atlantic Partnership rather than to the Schachtian 'comprador' position implied in the Atlantic Union concept. In the Bizonal Economic Council, Schniewind

was responsible for finances. In the early 1950s, he became chairman of the board of the third biggest West German bank, the Commerzbank. 7

As elsewhere in Europe, bank capital in Germany was on the defensive right after the war. High collateral requirements and compulsory deposits imposed on the banks temporarily kept them from cashing in reconstruction profits, but after 1951 German banks increasingly succeeded in eliminating government controls. The deconcentration measures after the war did not include a separation of functions, and, when in 1956, the original big banks merged again into their former selves, they would soon recapture their central, controlling position in the German economy again. The new central bank, established one year later and headed by Blessing, refrained from interfering with banking business for all practical purposes. 'Few, if any, attempts (have) been made over the 1957-70 period to make any direct restriction of bank lending'.⁸⁸

In Britain, the modernizing liberals willing to trade the Empire for a position as junior partner in the new Pax Americana were hardly in a position to profit from the American offensive. Although the devaluation of the pound in 1949 prejudiced the position of the City and the position of the colonialists had been eroding as a consequence of the 1946 American loan and Indian independence, international affairs, geared to a militant Cold War line under Bevin, in the Conservative Party remained the domain of the maritime-liberal fraction led by Churchill and Eden, who were soon to return to power again. On the domestic front, the concessions envisaged by Tory corporatists and laid down in Butler's Industrial Charter of 1945 were rescinded in the 1949 manifesto 'The Right Road for Britain', and Butler and his tendency were curtailed in their freedom of action. With liberal tenets replacing the state-monopolistic and democratic elements in the Conservative doctrine, the architect of the post-war Tory organization, Lord Woolton (linked by an insurance directorship to the Atlanticist Liverpool group) in May 1947 concluded an agreement which formalized the electoral coalition with the National Liberals. ⁸⁹ The Conservative Party clearly sought to capitalize on the pervasive internationalist liberalism of the period. In a foreword to the party programme for the 1950 elections, Winston Churchill wrote that the party was 'giving expression to the spirit of liberalism with its sense of progress, tolerance and humanity which has spread so widely throughout our island and indeed throughout the world'. ⁹⁰

The British Liberal Party mustered all its forces in an attempt to dominate the opposition against the planning policies of Labour. Their number of candidates was the highest since 1917, but the mere consolidation of their nine mandates showed that the Tories, and not the Liberals, were the main beneficiaries of the liberal trend. Since the imperialists headed by Churchill still held the reins however, the power of the Tories in 1951 led to a restoration of reactionary liberalism, culminating in 1956 in a last try at empire. Only Suez debacle, could ELEC members Macmillan and Eccles, younger Tory modernizers, Heath and Maudling, take der a corporate-liberal concept. Their liquidation of British interests and reorientation of the British economy towards emerging Atlantic circuit of finance capital fitted into corporate strategies pursued from the early 1950s on by Unilever, ICI, and Lloyds bank.⁹¹ "

In Italy the Liberal Party PLI was included in the De Gasperi government of 1948. In this coalition government of Christian Democrats, the Atlanticist split-off

from the Socialist Party, PSD the PRI (modernizing liberal) and PLI, which replaced the previous national reconstruction coalition, the Liberal Luigi Einaudi embarked upon a deflationary economic policy to the detriment of industry. Already in 1946, the nationalized banks had restored their capacity to operate as private investors by the creation of a new investment bank, Mediobanca. Next to bank capital, the textile and steel industries were prominent bulwarks of support for the liberal Atlantic Union concept in this period. The textile capitalist and head Cofindustria, the employers' organization, A. de Micheli, typically saw the expansion of Italian capital in the perspective of a joint operation with American capital, with both economies supplying their excess assets. Rather than channelling Italian labour reserves into domestic industry, De Micheli proposed that the agricultural surplus population of Italy should be sent to Africa, by Italian and American capital: 'For as US and Italian capital flows into Africa it will bind that continent solidly into the Western Alliance'.⁹³

Another stronghold of Atlantic liberalism was the private steel k. B. Falck in a *Fortune* survey of Italian business opinion that the 'nations of the West (should) extend the rule of liberty from the internal political field to the external international order. The Falck family also played a role in challenging the federalist European movement in Italy. In 1950, Senator E. Falck founded a short-lived National Committee of ELEC in Italy; when Duncan Sandy's, Churchill's son-in-law, sought to rally the anti-federalist Italy, he also was brought into contact with E. Falck.⁹⁴

In the Netherlands, the Liberal Freedom Party, PVDV, in January restructured upon the return to the Liberal camp of a group led by the pre-war Minister of Finance and champion of deflation, Oud, who had joined the renewed Socialist Party directly after the war. With their new People's Party for Freedom and Democracy (VVD), the Liberals for the first time since the war entered the government. Dirk Stikker became Minister of Foreign Affairs. It was Stikker, who, as we shall see, succeeded in making the tumultuous transition from colonialism under British supervision to Atlantic alliance in 1949.

The liberal bourgeoisie subscribing to the Atlantic Union concept was grouped around shipping, banking and industry in Rotterdam and Amsterdam. Unilever's Paul Rijkens took the initiative for the first Bilderberg Conference, of which Prince Bernhard was made the chairman. E.H. van der Beugel, holding several directorships in important industrial companies and banks of a liberal profile, like the NHM and S.G. Warburg in London, succeeded Retinger as Secretary of the Bilderberg group. J.H. van Roijen, Dutch Ambassador to the United States, was an adviser to Unilever, and M. Patijn, a Socialist MP, was a member of a family interested in that company. The Dutch Society for International Affairs (NGIZ), which organized the Atlantic liberals into a permanent forum, was led by L.J.L. Heldring of the Amsterdam shipping family.⁹⁵

In Belgium, it took until 1949 before the Liberal Party again participated in the government. After the fall in 1947, of the national coalition with the Communists, the Christian Democrats at first made a coalition with the Socialists, since the public debate over the wartime role of King Leopold III complicated cabinet formation with the Liberals, who were opposed to the King's return. The liberal bourgeoisie in Belgium in this period manifested itself in ELEC, of which Paul van Zeeland, Prime Minister and SOFINA director, was Chairman. L. Sermon, of the Banque de Bruxelles

group; L. Motz, chairman of the liberal party and linked to the Société Generale; L. Camu, vice-president of the Belgian central bank; wartime Fascist, V. Leemans (Electrofinna); and the Catholic, E. de la Vallee Poussin (construction) were members. Baron Boel was president of the European ELEC. Van Zeeland, Poussin, Eyskens, Gilson, Auguste de Schrijver (the head of the Christian- Democratic pressure-group Nouvelles Equipes Internationales) and Henri Fayat, a future state secretary for foreign affairs under Spaak, were the Belgian signatories of the 1954 Declaration of Atlantic Unity.⁹⁶

The Context of Decolonization

At first sight, it may seem somewhat tendentious to speak of the general dominance of European liberalism in the Marshall period. Only in the Low Countries did the traditional liberal parties actually increase their electoral base, while elsewhere they either lost ground in elections (as in France, Italy and Britain) or failed to gain votes comparable to their pre-war strength (as in Germany). Liberal resurgence accordingly was not a mass phenomenon in party terms. Yet, the American offensive powerfully fostered liberalism in the sense of pervasive awareness that society was in need of an internationalist, essentially private-individualist turn of class relations if it was to withstand the challenge of socialism.

But it did so by restructuring the previous liberal internationalism rather than consolidating it. Through the Marshall offensive, the Pax Americana was imposed on the economic ruins of the defunct Pax Britannica in Europe. This in turn required the euthanasia of residual class fractions related to the pre-war accumulation and profit-distribution structures and colonialism; and thus, a struggle to eliminate or restructure the political parties hitherto expressing the interests of these fractions. Paradoxically, the new liberalism in a number of cases found its most stubborn opponent in the Liberal parties, which were often still the domain of the 'old' middle class. The German FDP until 1956 was a right-wing small entrepreneur party; in France, this category was represented by Pinay's Independents, while the Radical Party at the time was more urban and oriented to big capital (Mayer) and, subsequently, to the corporate-liberal technocracy (Mendes-France).⁹⁷

The link between class formation and Liberal prominence on the one hand, and the Marshall offensive on the other, has to be analysed against the background of a fundamental restructuring of the liberal-internationalist bourgeoisie itself in the context of the restructuring of the world economy. This can be illustrated for the Netherlands, there because of the coincidence of Atlantic alliance and the decolonization of Indonesia, its impact was greatest.

The American liberal offensive in the course of 1947 included diplomatic recognition of Sukarno's Republic in April and an invitation for Indonesia to attend the International Trade Conference in Havana in August. Among Dutch capitalists in Indonesia, opinions as to how to deal with the nationalist challenge were divided. Strong industrial capitals catering to consumer demand in Indonesia, like Unilever and Heineken, as well as the strongest among the plantation interests, were in favour of a neo-colonialist compromise pacifying both the Americans and the Indonesian bourgeoisie led by Hatta. The smaller planters, dependent on primitive exploitation relations and government trade channels, joined by the rentier class and the

conservatives in the Netherlands, wanted strong action. This division extended well into the liberal party. Dud and his Rotterdam constituency, with its background in trade, shipping, and industry, and Stikker, director of Heineken and NHM, subscribed to the neo-colonialist solution as part of the Atlantic Union concept. In Amsterdam, however, the party was strong among bank and stock-exchange employees dependent on Indonesian ventures for their livelihood and fervently in support of conservative colonialism. 98

Under the influence of its powerful Amsterdam chapter and like-minded parts of the membership, the VVD in 1948 successfully campaigned on a platform of colonialist reaction. Yet, when the party entered the cabinet, Stikker, the champion of neo-colonialism who had kept in close touch with the conciliatory industrialists all along, became Minister of Foreign Affairs. It was Stikker who succeeded in having the NATO treaty ratified in the Dutch parliament in spite of American threats to suspend Marshall Aid to the Netherlands because of Dutch colonial aggression in Indonesia. Dutch recalcitrance was considered counterproductive by the Western powers after a massacre of 8000 Indonesian Communists by the Nationalists in September 1948 had reassured them about Sukarno's ultimate intentions. Thus, following the second military campaign undertaken by the Dutch in December, international isolation undermined the position of the hard-liners in the government. Stikker and Ambassador Van Roijen now were allowed to bring the negotiations on Indonesian independence to a conclusion. In the meantime, the assurance, obtained from Acheson directly, that Marshall credits to the mother country would not be affected in any event, enabled Stikker to convince the Right of the need to enter NATO.99

In the course of a few years, the modernizing liberals thus triumphed over the reactionary rentier interests, and at the economic level, the strongest capitals were able to survive independence. Dutch industry in Indonesia, notably Unilever, actually embarked upon a programme of large-scale expansion following independence. HVA, the largest estate owner in Indonesia, although slow in accepting the compromise with the bourgeois forces in the Indonesian independence movement, adapted to changed circumstances by settling in Ethiopia in 1951, obtaining highly favourable conditions or exploiting labour on its sugar plantations. Thanks to the support he Americans gave to Haile Selassie's repressive regime, the original link between colonial cash-crop enterprise and Dutch rentier interests could be restored, reorienting the international outlook of the class fractions involved accordingly. 100

The reorientation also allowed the articulation of Dutch liberalism with state-monopolistic elements carried over from the interwar situation. In the 1930s, a group of Rotterdam economists in the liberal Protestant party CHU were criticized by orthodox liberal internationalists like Colijn and by the shipping magnate and NHM lanker, Heldring, for their willingness to contemplate the introduction of a measure of state intervention in the existing liberal order for several members of this group, notably P. Liefink, finance minister after the war, joined the newly founded Social Democrat Party (PvdA) after a comprehensive 'people's party' had proved unattainable. During the war, another member of the group, A. van Rhijn, together with Paul Rijkens of Unilever, worked out a blueprint for a corporatist social-economic council which eventually was established in 1950. In wartime London, Rijkens at the same time advocated Dutch membership of a future Atlantic trade bloc. 101

Unilever, Rotterdam industry and banking, and Philips were able to use the support for this concept to their advantage, and their most important representative, H.M. Hirschfeld, became the Dutch commissioner for the Marshall Plan. Hirschfeld had remained at the helm of the Dutch Ministry of Economic Affairs during the war, steering a compromise course between resistance to the Germans as practiced by the liberals (the Ruys shipping family, Kessler of Hoogovens, Stikker, and Twente textiles) and active collaboration on the other (Fentener van Vlissingen of AKU). Next to prominent liberal internationalists like Delprat (Twentse Bank, shipping) and J.E. Ruys, Hirschfeld and a score of representatives from the Unilever-Philips orbit were the undersigned of the 1954 Declaration of Atlantic Unity. 102

French colonial capital also was engaged in a process of restructuring, but French imperialism was not as easily subordinated to American hegemony. Yet, the capitalists surviving colonial re-organization likewise became the core of the liberal fraction supporting the Atlantic Union concept. Since in Indo-China the independence movement was Communist-led, even the biggest capitals had to resist decolonization. Clearly, the Michelin rubber plantations could not be repatriated, and control of them had to be balanced against military action. Bankers were in a more comfortable position. Henri Claude has shown that the Banque de l'Indochine was able to shift the bulk profits investments from South-East Asia to Western Europe, the Western Hemisphere, and Africa. The bank's South-East Asian assets, which still in 1931 represented 80% to 90% of total assets, by 1953 were reduced to about 18%. 103 In the process, however, the Indochine group was compelled to join forces with the Schneider group, thus linking with another axis of restructuring: the Eastern European/ Atlantic one. After World War Two, Schneider and its powerful holding, the Union Europeenne, through which it controlled a wide array of economic assets in Eastern Europe, had to face their definitive loss.

The single most important family associated with the new combination were the Giscard d'Estaings, of whom Valery Giscard was to become the most illustrious representative. 104 Giscard's uncle, J. Bardoux, already combined a prominent political role in the Third Republic with several directorships in the Indochine group. Valery's father, Edmond Giscard d'Estaing, was prominent in the ICC, president of the French ELEC, and actually was in the forefront of the struggle with the federalist tendency in the French European Movement which broke out in late 1950. He was among the undersigned of the 1954 Declaration of Atlantic Unity, and, from 1964 to 1966, he was president of the Comité France-Amerique – a body propagating friendly relations with the United States. Valery Giscard married the granddaughter of Eugene Schneider, thus complementing the economic links between the two groups. His brother, Olivier, was on the board of a whole series of French subsidiaries of American firms such as IBM, Traylor, McCann- Erickson, Gibbs-Hill France, and was also a member of the Comité France-Amerique. When in 1959, a European institute of business-management was set up at Fontainebleau as a subsidiary of the Harvard Business School, it was led by Olivier Giscard d'Estaing. G. Hereil, President of Simca (then owned by Chrysler), led the drive for contributions to make this enterprise possible. 105

The orientation of this fraction of the bourgeoisie was characterized by the appreciative identification of a liberal-international economy with American hegemony. At the time of the Marshall offensive, the president of the Banque de

l'Indochine, Minost, even entertained the idea of inviting American direct investment in the French colonies to bolster the French position there, an idea which he discussed in 1949 with Ambroise Roux of the Suez Company, Henri de Wendel, and Hervé Alphand, future ambassador to the USA. 106

Nonetheless, the sections of the French bourgeoisie aspiring to a lte-liberal synthesis could not accept the subordination to American interests. They opposed reactionary colonialism, but preferred working out an active neo-colonial policy to silent surrender. The Marshall offensive in this respect activated the forces in France wanting to modernize the colonial sphere-of-interest rather than the Open Door on the French empire. This policy was launched by the first Pleven cabinet, and its execution was entrusted Francois Mitterrand, who remained in office also during the subsequent Queuille cabinet of 1951. Mitterrand, who later judged this period 'the major experience of my political life', used his powers to lay the foundations of a more viable relation between and its overseas possessions. Boldly replacing the French Communist Party as the privileged interlocutor of African nationalist like Sekou Toure, Modibo Keita and Houphouet Boigny, and tacked by the French Right for supposedly delivering Africa Communists, Mitterrand in fact conducted a moderate policy sought to reconcile an enlightened imperialism, styled after the Americana, with vested French economic interests in the colonies. The experiment was cut short when the Queuille's government as brought down in the late summer of 1951 and reactionary imperialism increasingly became the dominant tendency. 107

Having been unable to penetrate the French colonial empire in the Marshall offensive, the Americans now set about depleting the power of the French by first exhorting them to fight to the finish the Communist insurgents, and then outflanking both by imposing a puppet of their own, Ngo Dinh Diem. In 1956, Giscard against the American go-it-alone strategy, expressing concern over the 'rising tide of misunderstanding and ideological hatred (which swept) through the underdeveloped nations while the Atlantic world remains hesitant, apprehensive, or divided'. 108

Finally, in regards to Belgium, its giant Congo colony was not in from either nationalism or American attempts at imperialist redistribution. Congolese nationalism was a phenomenon of a later decade, and during World War Two the United States had secured an agreement guaranteeing the supply of uranium and other rare earths of military value from the Congo. The Belgian colonial interests had nothing to fear from the State Department, and Lazard Frères participated in the Union Minière, the Belgian mineral monopoly.

Liberalism within Christian Democracy

In Germany, the Marshall offensive fostered liberalism in a different way. For the German bourgeoisie, the restructuration of capital resulted from the 'decolonization' of its Eastern European dependencies and the amputation of its own Eastern territories. The Marshall offensive both confirmed and compensated the expropriation of German capital in the East, which made for its strong ideological effect. The example allows US to analyse the role of 'liberals' in the dominant Christian Democratic parties in those countries.

After the D-Day landings, meetings of German capitalists began to make preparations for the postwar situation. 110 The key personality emerging from these preparatory groupings of German business was Ludwig Erhard. During the war, Erhard had been given the opportunity to set up his own Institute for Industrial Research and from an early date he had worked out proposals to skim off excess purchasing power by monetary reform. 111 Erhard's prestige in Germany was a function of American influence, and the Marshall offensive catapulted him into prominence. His orthodox liberalism, turned into a theoretical doctrine in the best of German traditions but also particularly functional for a society seeking ways to divest itself of the comprehensive economic order of Fascism and state monopolism generally, was widely acclaimed abroad. Carl Friedrich, the political scientist who was a member of McCloy's staff in Germany and who was the naturalized brother of the rubber manufacturer, Otto Friedrich, did much to popularize Erhard's 'neo-liberalism' in the USA. *Fortune* almost ran out of hyperboles describing his liberal virtues. 112 Significantly, however, Mendes-France in a comment on one of Erhard's publications, argued that German recovery did not result from the classical liberalism Erhard espoused, but on the contrary rested on a synthesis with state intervention. 113 What was a useful pretence in Germany, in other words, should not be taken too literally in a country where Monnet and the Plan modernizers were having a hard time pressing a degree of state intervention on a colonialist, Malthusian and rentier-spirited capitalist class.

As Badstbber and Thomas observe, 1947 saw a change of priorities in the German bourgeoisie. Until then, the crucial issues in economic policy in West Germany had been those concerning the ownership of the means of production. As working-class pressure for structural reform relaxed due to the changed international configuration and the acceleration of the American Atlantic offensive, his concern, which still had been prominent in the recently formulated Ahlen programme of the CDU, receded into the background. The former emphasis on socialization as a means for preventing economic concentration now shifted to free competition as the favoured method of achieving deconcentration. 114

At the 1947 party conference of the Christian Democrats, the Ahlen programme was still at the centre of attention. A year later, at the second party conference, it was Ludwig Erhard who gave the main speech (on the merits of the market economy). This is all the more striking when one realizes that Erhard, by the time he became director for Economic Affairs of the Economic Council of the combined Western zones of Germany in 1948, was not even a member of the party (which he formally became only in 1949!). 115 Braunthal, too, mentions the liberal turn of 1948, mentioning (in addition to Erhard) Etzel, Bohm, and Muller-Armack as the main CDU advisers in this respect. 116 It should be remembered that explicit liberalism in the CDU was primarily supported by the minority protestant membership. Its counterweight was the Catholic majority in the CDU and notably, its partner, the Christian Socialist in Bavaria, which sponsored corporatism and the notion of a Christian Europe united against Bolshevism. 117

The major policy decision marking the liberal turn was the monetary reform. A segment of the German rentier class, remembering the course of events following World War One, had seen to it that their holdings were titles to industrial property rather than money. The Frankfurt Stock Exchange even had been reopened in late

1945, quoting securities of ninety-five firms, practically all of which were bankrupt at the time. 118 This apparently odd state of affairs was to become highly profitable to those who had placed their trust in industrial over primitive accumulation, for with the currency reform, the small savers were wiped out.

A first German initiative for monetary reform was considered too respectful to these small savers by the Allied authorities, and a new measure, based on a 10/1 exchange rate of old for new currency, was dictated instead. Erhard, who had studied the matter for years, hypocritically spoke on behalf of the indignant small savers, but in reality he was in favour of the shock treatment in this matter. 119 The DM-balance law of 1949 more particularly allowed industrial entrepreneurs to depreciate old and war-damaged plant and equipment anew at a book value to be established by the owners. The net result of these drastic measures was to 'reclaim Western Germany to free and capitalist ways of business', as *Fortune* commented. 120

By 1947, liberal capitalists and ideologues in the German bourgeoisie accepted Atlantic integration as the new state of affairs even if this implied the definitive loss of Eastern Germany for capitalism. Ernst Matthiessen, formerly stock-exchange director of the Oresdner Bank, spoke for the bankers' and stockbrokers' community when he declared in November 1947 that Marshall Aid compensated for the loss of Eastern Germany. Gustav Stolper, the influential liberal who had accompanied Herbert Hoover on his German tour, echoed this idea when hailing the emergence of an Atlantic Community in his 1948 book *Gentian Realities*. Criticizing the lack of courage which had made the Americans accept Russian theses on the, Capitalist nature of Fascism and picturing German capital as a mass of small shareholders who could not possibly have influenced the course of events, Stolper argued that from now on, Western Europe would import its foodstuffs from overseas markets rather than from Eastern Europe. 121

Actual private American investment did not materialize in the Marshall Plan period. Yet, the changes in economic policy made at this juncture were important to facilitate investments made later, as was explicitly recognized by Erhard and other liberals. 122 At the private level, the American Chamber of Commerce in Germany was revived in 1949; the German-American Capital Commission, meant to attract US capital, operated from 1951 to 1953. In these bodies, firms traditionally active in the Atlantic economy were represented. Link enumerates those present at a meeting of the Capital Commission in 1952,; on the German side, AEG, Robert Bosch, the Rheinisch-Westfälische Bank (Deutsche Bank) as well as representatives from the chemical industry (Menne); on the American side, General Electric, National City Bank, Standard Oil, NJ, and Armco, Thyssen's partner in continuous rolling. 123

With big capital again discussing matters of mutual interest, those German capitalists who after the war had been imprisoned by the Allies because of their support of Hitler's terror regime were duly exonerated. In January 1951, Krupp was released on McCloy's orders and the confiscation of his property, judged 'repugnant to American concepts of justice', was rescinded. 124 German emigrants played their part in cementing the new friendship bonds: Carl Friedrich's role was referred to already, and Grewe mentions Professor Heinrich Kronstein of Georgetown University, a Jew who had fled Germany in the 1930s but who now propagated the 'new' Germany in the United States. In April 1953, Kronstein, who according to Grewe 'turned Georgetown

into a bridgehead for connections with Germany' saw to it that the visiting Adenauer was given a honorary degree by this university. Sympathetic interest in West Germany was also supported by the American Council on Germany, a prominent member of which was Eric Warburg, who eventually became head of Brinckmann, Wirtz & Co., the Warburg family bank. 125

The prominence of Atlantic liberals in the Marshall period, whether of *laissez-faire* or of corporate-liberal inspiration, did not go uncontested. The very fact that the underlying capitalist class structure remained essentially unaltered and even proved capable of resisting the transformation towards an Atlantic framework to a considerable extent, worked to sustain German animosity against the Anglo-Saxon creditor states along lines reminiscent of the reaction against Versailles. A major incident of this kind occurred in January 1948 when G.J. Semler, the Economic Director of the Bizone at the time, sharply criticized Allied policy. When Semler was promptly dismissed, Adenauer protested, declaring that the intended restoration of German economic sovereignty was being mocked by the measure and warning the Allies that they ran the risk of making Semler the most popular man in Germany. 126

The Americans were aware of the delicate balance of class forces in West Germany. The halt called to the initial democratic radicalism of the American military government, which sought to completely eradicate National Socialism from a naive, 'Progressivist' vantage-point, was not motivated solely by concern over immediate economic interests involved in, say, German heavy industry, but reflected a more fundamental concern over the ability of the present ruling stratum in Germany to hold the line. It was Dulles's conviction that the full restoration of German sovereignty was necessary to allow Adenauer to stay in power. Only in this way could the attraction of Polish border concessions made by the USSR and the promise of German reunification be resisted. 127 The resentment on the part of German leaders, even those who were favourable to American influence, on being treated as 'a totally beaten adversary' is brought out by Grewe, the chief negotiator on the issue of restoring sovereignty, in his memoirs and reproduced the fundamental hesitations of the Goerdeler group with respect to the unconditional surrender issue. 128 American policy therefore had to steer a middle course between bolstering the hegemony of the German bourgeoisie and inserting it in a wider Atlantic framework. In 1949, this was brought out by the Petersberg Agreement, which bound West Germany to the process of integration in Western Europe by making her accept the International Ruhr Authority in exchange for quasi-sovereign membership of the OEEC. 119

In Italy, the liberal current in the Christian Democratic party was a product of the incorporation of the pre-Fascist Liberal Party membership disaffected by their leadership's support for Mussolini. Still, it remained until the Marshall offensive before the liberal tendency in the DC could rise to prominence. At the DC Congress in November 1947, the centrist coalition with the PSDI, PRI and PLI was adopted, paving the way for the De Gasperi/Einaudi government. 130

In the other countries, liberals in non-Liberal parties likewise reinforced their position. In the Netherlands, their new prominence was reflected in the appointment of the Catholic, J.R.M. van den Brink, linked to AKU and the Amsterdamse Bank, to the post of Economic Affairs in the same cabinet in which Stikker became Foreign

Secretary for the Liberal party. In Belgium, Paul van Zeeland was the seminal figure in this respect.

At this point the question may arise whether the liberals subscribing to the Atlantic Union or Euratlantic concept were a new 'comprador' bourgeoisie, comparable to the Schacht group in pre-war Germany? This latter group, it will be recalled, was labelled comprador because it (a) was entirely dependent on foreign interests compensating for its backward domestic power base, and (b) hence developed a reactionary political programme. In the Europe of the Marshall Plan, things were not so simple. The bourgeoisie in Europe welcoming the introduction of American production and work methods did so because of their promise in revolutionizing productivity and living standards. As an American historian observes, the United States 'more subtly rewarded a generation of centrist "Atlantic" European leaders. . . who found the American preferences rational and humane.' 131 If they appreciated US assistance in combating the socialist challenge, they did so principally from a 'flexible', enlightened perspective, and it was the American offensive which in turn allowed them to do so.

On the other hand, there were the colonial capitalists, who did represent backward relations of production. In the face, however, of American pressures for restructuring the peripheral dependency relationship towards a neo-colonialist pattern, the ranks of colonial capital were split. One segment, composing the elements least capable of adapting to the formal independence of the colonies, gravitated to a defensive, indeed reactionary position; the other, more flexible segment, composed of the major mineral, commercial and industrial capitals operating in the colonies, took a more positive view. In the greatly changed world situation, the new Pax Americana offered a much more viable protective shield for their activities broad than the crumbling colonial empires, and even provided fresh opportunities for expansion and geographic restructuring.

At the time of the Marshall Plan, therefore, support for American hegemony represented the more enlightened, long-term capitalist view, even among the colonial capitalists, although the complete coordination of national interests to the United States which characterized advocacy of the Atlantic Union concept had a distinct comprador quality. Throughout the era of Atlantic integration, however, the community of interests which existed between the liberal fraction (whether associated with colonial capital or with the original 'liberal' industries like textiles) and the modernizing corporate-liberal fraction in Europe allowed it to be part of a hegemonic bloc deriving its legitimacy from the rise in living standards. was only after Atlantic integration collapsed during the crisis of the early 1970s and the United States resorted to a unilateralist policy in response to it, that the liberal 'American fraction' within this bloc slipped into a marginal quasi-comprador position. In an Italian study, this process is analysed as the disintegration of a hegemonic Euro-American party', exposing the hitherto incorporated American party (in Italy)' as a comprador appendix of the Nixon-is singer policy and American capital. 132

1947-50 Europe, however, the Marshall offensive synchronized ruling-class hegemony on an Atlantic level by undermining the specifically national class configurations and bolstering the liberals in loose parties in which they were active: the centre parties from 'constructed Social Democracy to the Liberals.' As *Fortune* commented in 1952, 'on the whole, the present governments of Western Europe are -

and ought to be - to Americans' liking'.¹³³ However, by that time powerful forces undermining American activism and working against subservience to US hegemony were making themselves felt. Whether this developed from resentment over the occupation, or from revived colonial ambitions, the process of class formation in the North Atlantic area for a decade would develop in the context of centrifugal tendencies until the Kennedy offensive in 1960 made a renewed attempt to once more unite the West against Communism.