

## Chapter 7: The Kennedy Offensive and the New Liberalism

### 1. Centrifugal Tendencies in the 1950s

As the 1944-47 period saw the shift from universalism to Cold War, so the 1950s saw the reemergence of sphere-of-interest politics and rivalry in the context of Atlantic integration. 1950 indeed was a turning point in several respects. Interacting with a slackening of real economic expansion, trade policy lost its liberal impetus, as the Democrats proposed peril-point clauses in trade legislation. Meanwhile, as productive capital started losing ground in the profit- distribution process from 1950 on, and rentier incomes in due course improved relatively to corporate income, the offensive international posture the United States had hitherto adopted lost part of its domestic *raison d'être*.

The decreasing pressures for internationalization of American capital were reciprocated by mounting obstacles to US penetration in Europe.<sup>2</sup> Following the restoration of their hegemony through American intervention, the European bourgeoisie tended to adopt postures reflecting their prewar orientations. Although important preconditions for a fundamental restructuring of European class relations towards the corporate-liberal pattern had been created by the Marshall offensive, the narrowness of markets and the obstacles posed by exchange controls and non-convertibility constrained the export of US capital to Europe.<sup>3</sup> The overall political climate was captured by the influential National Security Memorandum 68 when it stated that 'there are indications of a let-down of United States efforts under the pressures of the domestic budgetary situation, disillusion resulting from excessively optimistic expectations about the duration and result of our assistance programs, and doubts about the wisdom of continuing to strengthen the free nations as against preparedness measures in light of the intensity of the cold war.'<sup>4</sup>

Against this background, General Eisenhower was elected President of the United States in 1952. With the new Republican government, the shadow of Herbert Hoover again seemed cast upon the stage, waving his deflationary programme in one hand and the policy of accommodating German nationalism in the other. Domestically, bank and oil capital were reinforced as part of a general shift towards rentier forms of accumulation. George Humphrey, the chief strategist of the Cleveland Hanna group, was put in charge of the Treasury, and the abandoning of economic controls was one of the Eisenhower cabinet's first measures. Government enterprises were sold or closed down, almost up to the sale of the Tennessee valley Authority, which Eisenhower personally favoured but ruled , It as 'going too far'.<sup>5</sup> Rentiers profited from lowered tax rates or provisions. According to an OECD study, between 1954 and 1962 no changes in the direct tax rates were made, but as Kolko writes, 'since e 1952 tax law, a rapidly growing number of special provisions have been created that apply to relatively small groups among the wealthy but add up to a cumulative trend towards legal tax 'avoidance'.<sup>6</sup> An important provision here was the 4% dividend edit, a tax deduction introduced by the administration in 1954 to combat taxation 'injustices'.<sup>7</sup> As part of the same movement, bank capital was structurally favoured by the 1956 Bank Holding company Act, an important step in demolishing New Deal bank legislation. The 1956 Act allowed holding companies owning one bank to own other companies as long as these were active in the financial or fiduciary sphere. In principle, the measure returned to the banks the right to operate as holdings, although it would take until

the late 1960s before the functional division into money-dealing in fictitious capital was completely undone. 8

US oil companies in this period were particularly pampered. The so-called depletion allowance, a 30% tax deduction, was originally introduced to stimulate oil prospecting by small companies during World War One, and later generalized for all types of land ownership by Treasury Secretary Mellon. Its wide range of application notwithstanding, 80% of this ground rent levied on the taxpayer accrues to oil and gas companies, who are the owners of one-quarter of all privately owned land in the United States.<sup>9</sup> Within three months of taking office, the Eisenhower administration dropped the federal claim to the US three-mile off-shore zone, leaving it to the Coastal states, which effectively meant company control. Two months later, the zone beyond the three-mile limit was placed under Federal jurisdiction, but at the same time, it was parcelled out to Private bidders for exploration. 10

Foreign policy meanwhile, became the domain of John Foster Dulles, whose Germanophilic outlook retained the mark of his interwar experiences and interests. Discussing Soviet peace proposals in closed sessions with the Senate Foreign Relations Committee soon after taking office, Dulles argued the need for restraint. 'We need to have policies which we can live with for some time', he declared, 'rather than policies which would so exhaust US that there would be an internal collapse, . . . what Stalin talked about in "Our Strategy and Tactic ". (Stalin) said the moment for the decisive blow will come when the imperialist powers are so divided among themselves and have so exhausted themselves in a struggle beyond their power that they have fallen into virtual bankruptcy. Now, that is one of the dangers that we have got to look out for.' 11

The recognition of their basically defensive position in the light of slackening US industrial performance did not turn the ruling group into moderates. On the contrary, Dulles in particular often displayed a bellicose aggressiveness. To many the Secretary of State was the very embodiment of American Cold War foreign policy at its worst. But as with Truman in 1945-46, the aggressive rhetoric and, occasionally, behaviour, only apparently contradicted the fundamentally conservative and non-universalist tendencies of the administration. This generally defensive posture, in turn, reflected the tendential regression reminiscent of the interwar years, in which an Atlantic circuit of money capital connected autarkic industrial blocs in a gradually hardening spheres-of-interest context. In the 1950s, threats had to make up for the absence of any positive plan for the world. 'Strategically, it was a defensive age', Calleo observes, 'even if the tactics were often aggressive'. 12

With respect to the periphery, the anti-communism and anti-colonialism which in the Marshall Plan had been depicted as a transcendent Free World strategy, now degenerated into rivalry as short-term considerations became the sole point of reference. At least until 1956, European colonial powers actively sought to reinforce and recapture imperial positions, encouraged by the defensive posture of the United States. In some cases, as in the Suez affair, the susceptibilities of Middle Eastern and African countries were taken into account by US policy-makers for tactical reasons. Broadly speaking, however, there was no comprehensive effort on the part of the United States to actively create viable social relations in the underdeveloped world which would secure its dependence on metropolitan capitalism in a post-colonial era.

Dulles preferred 'exerting our influence quietly' in matters concerning colonialism, rather than upsetting the status quo by grand announcements in the universalist tradition.

13 In Asia, support for dictators was justified by the immediacy of the Communist threat, which in his opinion precluded any attempt to include moderate elements in the local power structure. 'They are not the people, under normal circumstances, that we would want to support', Dulles confided in 1953, speaking of Syngman Rhee, Chiang Kai-Shek, and their fellow autocrats. 'We would be trying to get somebody else, but in times like these, in the unrest of the world today, and the divided spirit, we know that we cannot make a transition without losing control of the whole situation. Now, that is my philosophy.' 14 This philosophy also entailed a certain accommodation of European colonialism; but as the colonial powers became more and more entangled in their attempt to suppress the struggle for national independence, it became increasingly clear that imperialism might lose control of the whole situation. It would wait until the advent of the Kennedy regime before a further attempt was made to construct a viable neo-colonial order.

With respect to Germany, the relative contraction of American involvement allowed the forces working for the restoration of full sovereignty, including rearmament, to reassert their prominence. A strong Western Europe fitted into the general trend towards fiscal economy in American policy as well. The French proposal for a European Defence Community in late 1950 was the first result of American pressure to rearm the Western half of Germany. 'Out of (its) ratification', Dulles told US Senators, 'will come a substantial German force which will be the greatest shield that we could get, and. . . with that in creation we can gradually cut down our aid.'<sup>15</sup> Hence his much publicized threat of an 'agonizing reappraisal' of American military commitments to Europe if EDC failed to be ratified, and the temporary suspension of military aid to France and Italy on account of their hesitations. As it proved impossible to press the EDC on the French, however, West German rearmament eventually was accomplished by including Italy and the Federal Republic in the group of the Brussels Treaty, renamed Western European Union, and, seven months afterward, by making Western Germany a member of NATo (May 1955).<sup>16</sup> French concern over the renewed ascendancy of Germany, which it had initially tried to contain by launching the Plevin Plan for an EDC, was alleviated by formal WEU control of the level of German armaments.

In the sphere-of-interest configuration resulting from the loss of impetus in American policy, supranational Western European integration could make strides. The contradictory impulses towards, on the one hand, the adoption of the Fordist accumulation model implicit in the Marshall Plan, and, on the other, the tendency towards US disengagement, led to a growing discrepancy between American liberal preferences for European integration and the actual contents of the process. Between the Schuman Plan and the establishment of EEC and Euratom in 1957-58, the abortive EDC project testified to the temporary interruption of the transformation of the European class structure towards a corporate-liberal pattern and to the resurgence of the unreconstructed liberal-internationalist bourgeoisie, revealed most dramatically by the Suez affair. The EDC still represented a compromise between American Cold War entrenchment and 'classical' Franco-British imperialism (which eventually accounted for its failure); the EEC, however, represented a compromise between French and West German strategies for adjusting to the requirements of mass production and to the reorientation towards an Atlantic circuit of finance capital, albeit still from a sphere-of-interest vantage-point which eventually would propel the internationalist bourgeoisie into action.

In the early 1950s, there was another cause of anxiety for the Atlanticist bourgeoisie, and that was the thaw in the Cold War. Neutralist statements by elder statesmen and related incidents in West Germany, if often merely staged in order to activate the forces in the West working for German rearmament and sovereignty, 17 yet added to the growing impression in the United States that 'an alarming reduction in the degree of realism in the thinking about Russia'18 was in full progress in Europe. This was not limited to Germany either. In sharp contrast to the previous situation with its inspiring array of 'governments to the Americans' liking', it was noted in late 1953 that due to the conciliatory moves of Stalin's successors, 'in every Western government there were officials who acted or prepared to act as though the Soviet menace were actually on the wane'. 19

### *Atlantic Unity Under Stress*

In 1952, Joseph Retinger, who had brought together liberal capitalists in wartime London and had assisted in forming ELEC, contacted Paul Rijkens, President of Unilever, to discuss ways of reversing the trend to open rivalry between America and Western Europe. Rijkens took Retinger to Prince Bernhard of the Netherlands, whom they knew from their war days in London. With Paul van Zeelan than prime minister and first chairman of ELEC a plan was drawn to assemble one leading bourgeois politician and one Social Democrat from each Western European country in order to have a catalogue their criticisms of American policy in the presence of selected representatives from the other side of the Atlantic. When the proposal was sent to the United States, the 1952 election campaign in full swing, and nothing came of the plan for the moment. Yet it testifies to the importance attached to the project by its initiators that they did not want it to become a partisan issue; Eisenhower's hesitation to use the idea in his campaign was firmly rejected by the Dutch Prince. 20

It took two more years before the Americans accepted the invitation to confer near Arnhem at the Bilderberg Hotel (after which the subsequent conferences would be named). The hesitant American reaction and the fact that ultimately a collaborator of Eisenhower future senator, C.D. Jackson, and W. Bedell Smith, head of the CIA, were the men who secured American participation, testify to lack of enthusiasm for Europe among the American ruling class at the time. Rather than discussing Atlantic arrangements in a positive way, the US mood was sceptical of the efforts being made in Europe to confront Communism. The American bourgeoisie in majority seemed to support the McCarthy campaign - which in raised anxieties amongst the European elite. Actually, it was 'Eisenhower's awareness of European reactions to McCarthyism which prompted his support for the eventual Bilderberg Conference.21

The Conference was held in May 1954. It was paid for by Unilever and the CIA. Its agenda catalogued the leading topics of Atlantic discord: (a) Communism and the Soviet Union; (b) Dependent regions and overseas peoples; (c) Economic policy and economic problems; (d) European integration and the European Defence Community. According to Rijkens, a very frank discussion bordering on an open row took place. Rather than constituting an all powerful secret Atlantic directorate, Bilderberg served, at best, as environment for developing ideas in that direction, and secrecy is necessary for allowing the articulation of differences rather than keeping clear-cut projects from public knowledge. In this sense, Bilderberg functioned as the testing ground for new initiatives for antic unity.22

The presence of the Social Democrats was functional in order to orient these initiatives to the modernizing elements in the Western European class structure and insert them in a Fordist compromise from the start. 184

A few months following the first Bilderberg Conference, the rejection of EDC by France greatly widened the gulf between the NATO partners. In an attempt to reverse the tide, a Declaration of Atlantic Unity was made public on 4 October 1954. It was a symbolic and propagandistic action meant to counter a further deterioration of Atlantic relations rather than offering a practical way out of the impasse. On the American side, the signatories of the Declaration included Will Clayton, Christian Herter, Lewis Douglas, Thomas Finletter, Averill Harriman, John McCloy, Owen Young, Henry Ford II, and other magnates of Wall Street and industry. Several of these men had occupied leading posts in Democratic administrations, and the signature of Harry Truman further enhanced the Democratic coloration. Eisenhower himself was in favour of the Bilderberg initiative, but the dominant sphere-of-interest orientation in his cabinet prejudiced official support for Atlantic unity. Alone in the administration, Nelson Rockefeller favoured a more closely integrated Atlantic Union, but the concept was considered premature by Secretary Dulles, and Rockefeller's approach to Atlantic unity retained marked federalist and sphere-of-interest aspects.<sup>23</sup>

The Declaration of Atlantic Unity clearly could not reverse the centrifugal trends of the period, which after 1954 developed along two interrelated axes: NATO nuclear strategy and the approach to the imperialist periphery. As far as the military aspect was concerned, the reduction of federal expenditure by the Eisenhower administration, interacting with the slack industrial performance and the general contraction of US international activism, led to an emphasis on nuclear retaliation in American strategy. A conflict over the massive retaliation doctrine in the Joint Chiefs of Staff was decided in favour of Admiral Radford in 1954, and Generals Maxwell Taylor, Ridgeway and Gavin, who advocated a more flexible strategy and a greater Army role, had to vacate their posts. In July 1956, Radford carried his approach into the realm of Atlantic relations by proposing a US troop reduction in Europe which then could be compensated for by 'a demonstrable superiority in retaliatory means'.<sup>24</sup>

The major European powers reacted to the Radford doctrine by stepping up their nuclear programmes, both to meet US competition and to underwrite their imperialist position militarily. In May 1957, Defence Minister Strauss secured parliamentary support for a policy of nuclear armament by the Federal Republic. In the same month, Britain exploded its first hydrogen bomb in the Pacific. France had been working on a nuclear capacity since World War Two, and according to subsequent American newspaper disclosures had already agreed with Germany to store German nuclear warheads on French soil.<sup>25</sup>

De Gaulle's *coup d'état* in June 1958 entailed a prompt cancellation of nuclear cooperation. After offering the Germans cooperation in the conventional field only, de Gaulle sent a memorandum to Eisenhower and Macmillan, challenging the American nuclear monopoly in NATO on the grounds that it was no longer effective. Referring explicitly to the situation in South-East Asia, de Gaulle judged the existing structure of NATO inadequate to the effective defence of the West, and in particular, to French interests. Hence he proposed to create a triumvirate within NATO consisting of the United States, Britain and France, to deal with nuclear matters. Finletter interprets de Gaulle's memorandum as 'a last desperate effort to persuade the United States to work

with its allies in dealing with the problems of Southeast Asia'. To Spaak, the French President declared in 1959 that a supplementary agreement concerning Africa should be attached to the North Atlantic Treaty. 26

Rivalry in the periphery was indeed recognized as a major cause for the discord between the North Atlantic allies. 'One fact which had not been sufficiently appreciated in 1949', Spaak recalled later, 'became crystal clear in 1956: it is very difficult for Powers to act as allies in one part of the world while they are locked in violent conflict in another.' 27 In the report of the Three Wise Men (Pearson, Lange and Martino: the Foreign Secretaries of Canada, Norway and Italy), submitted to the North Atlantic Council in December of that eventful year, imperialist rivalries were considered a more acute danger than socialism. 'NATO has not been destroyed, or even weakened, by the threats or attacks of its enemies', the Report stated. 'It has faltered at times through the lethargy or complacency of its members: through dissension or division between them; by putting narrow, national considerations above the collective interest.' 28

As the decade moved to a close, planning for Atlantic unity clearly focussed on the two chief areas of discord. Among offensive-minded US politicians, it was increasingly recognized that the challenge of socialism was shifting from Europe to the underdeveloped periphery. 'I do feel', Chester Bowles told Senators upon his return from a UN tour in 1957, 'that the battle of the next ten years is going to be economic, basically, and political and it is going to take place in Asia and Africa.' 29 In a *Foreign Affairs* article, John F. Kennedy articulated this impression by advocating a return to universalism, based on a flexible approach to the Soviet Union and on Atlantic cooperation in fostering economic development in the periphery. Instead of the rigid two-camp attitude, the United States should be ready to 'accept partial gains in order to undercut slowly the foundations of the Soviet order'. The demands of the national bourgeoisie in the underdeveloped world should be met half-way in order to stabilize an increasingly vulnerable world economy. The United States, Kennedy estimated, should 'strike a realistic balance between the legitimate appeals to national self-determination which pulsate through the uncommitted world and the gravitational pulls towards unity which grow from the technological and economic interdependence of modern states.' 30

It was former Secretary of State Acheson who in a book published in 1958 emphatically warned against American unilateralism in meeting the revolutionary challenges in the Third World. American leadership in rallying the underdeveloped world against Communism was necessary, but not enough. 'A principle which is as fundamental as it is disregarded, is that in the organization and maintenance of power, relations with states which are closest geographically and in interest and purpose are the most important', Acheson wrote. 'Primacy must be given to maintaining confidence and trust in these relations. In our case, these states are those of the Western Hemisphere and Europe. Here lies the Central Power which will support - if it is to be supported at all - a non-Communist world system. To say this is not to minimize the importance of Asia and Africa; but if the center is not solid, relations with the periphery will not supply strength.' 31 The attraction exerted from a unified Atlantic bloc meanwhile would not be limited to the underdeveloped periphery: In Eastern Europe, too, its effects would be felt. But Atlantic unity was necessary to give sufficient weight to the Western position in this respect. 'Without American association with Western Europe, independent national life in Eastern Europe cannot revive'. 32

Primarily because of the nuclear controversy, an Atlantic Congress was convened in London in 1959, attended by key advocates of a more flexible nuclear strategy like Henry Kissinger. Actual discussions however centred on economic rather than military matters, thus bringing out the spread of an awareness that the challenge of Communism had come to reside particularly in the area of rival development models for the newly independent nations in the periphery. Summarizing the contents of the Atlantic Congress Report adopted at the Conference, Szent-Miklosy says that a central element was the recognition that economic welfare had to be exported beyond the Atlantic area. The Report recommended economic expansion and further trade liberalization, which would require a combined development of European economic integration and Atlantic integration. 'The attainment of internal strength, as well as the development of the newly emerging nations, must be viewed with a sense of urgency because of the Communist countries and their shift in emphasis to the economic front in the Cold War'.<sup>33</sup>

The Suez affair, however, had destroyed the essentially Anglo-American basis for the hitherto prominent Atlantic Union concept. The ultra-imperialist assumptions underlying that concept created opportunities for the Soviet Union to challenge classical European and the new American imperialism and endangered the allegiance of if the newly Independent states in the periphery. The eventual second Declaration of Atlantic Unity which resulted from the Congress accordingly left the Atlantic Union and Euratlantic concepts behind, adopting, instead, a posture which left more room for European independence in the overall framework defined by Atlantic unity. Within the Atlantic unity movement, the pragmatic line ready to subscribe to the emerging Euramerican/Atlantic Partnership concept thus triumphed over Streit's group, which had developed a dogmatism which was no longer relevant. In 1961, the moderates merged into the Atlantic Council of the United States. <sup>34</sup>

Of the concrete recommendations made at the London Congress, very few materialized in their originally proposed form, but several became policy by a detour. The proposal to restructure the OEEC into a new Organization of Atlantic Economic Cooperation (OAEC) was rejected by the neutral capitalist countries, (like Sweden, Switzerland), who feared an implicit association with NATO. The OECD eventually became the compromise between these conflicting ambitions, retaining, however, the concern for coordinating metropolitan economic policy towards the periphery. Another idea originating from the London Congress was the proposal made in late 1961 by Herter, Clayton and Ball to liberalize trade and to coordinate development aid policies on the basis of an Atlantic Partnership (the 'Giant Step' programme), which, as Kennedy declared at a press conference in January 1962, had served as the basis for his Atlantic Partnership proposal. <sup>35</sup>

Due to the formation of the EEC and the prominence of fractions of the European bourgeoisie oriented to the continent, concern for Atlantic unity gravitated from Europe to America again. While at the time of the first Bilderberg Conference, the European initiators still had had to press the United States to participate, now the Americans in the context of a new universalist offensive were recruiting the European bourgeoisie and activating the elements favourable to Atlantic unity.

*State Monopolism Revived*

In Europe, the establishment of the EEC led to the emergence of a corporatist pattern of class relations comparable to the situation immediately after the war. Then, the inclusion of Communists in governments of national unity and the prominent role of Christian Democrats and conservative nationalists had been functional in keeping the social fabric of capitalist society intact. The Marshall offensive had liberated the European capitalist class from this constraint, but in its aftermath, particularist and retrograde concepts of control reasserted themselves.

In Germany, Erhard's anti-cartel law was shipwrecked in Federal parliament in 1953 which simultaneously enacted a tax reform aimed at stimulating dividend payments.<sup>36</sup> In France, too, the subsiding of the American offensive saw the resurgence of protectionism and cartel practices, mocking Pinay's anti-cartel legislation of 1952.<sup>37</sup> In Britain, the backlash against the modernization policy implicit in the Labour nationalizations took shape as a virulent campaign against the latter. Prominent in this campaign were the Iron and Steel Federation and Aims of Industry Ltd., a lobby dominated by family capitalists and headed at the time by Lord Perry of Ford, Lyle of Tate & Lyle, and J.A. Rank of the firm of the same name.<sup>38</sup> In the Netherlands and Italy, real accumulation within certain limits was favoured by state economic policy; but in Belgium, where conservatism was strongest, rentier interests had absolute priority.<sup>39</sup>

The failure of the EDC plan, the Suez crisis, as well as Soviet successes in space and in the Third World, contributed to a reorientation in Western Europe towards a resumption of the social and economic transformation initiated by the Marshall Plan. As Spaak explained, Nasser's decision to nationalize the Suez Canal Company had brought out the 'definite lack of esteem for the great European nations'<sup>40</sup> and the EEC was established to shore up the power of Western Europe again. Between 1957 and the early 1960s, when the Kennedy offensive sought to reestablish Atlantic unity, the European states passed through a phase of accelerated restructuration in the direction of a Fordist mass-market mode of accumulation; due to the absence of active American involvement, however, the liberalism this entailed was restricted by the sphere-of-interest configuration prevailing in the North Atlantic area. As an autonomous European initiative, the formation of the EEC put American hegemony to the test. This time, moreover, the epicentre of the restructuration of class relations lay well within the capitalist class; the Communists no longer were part of the intricate web of compromises necessary to make the transition.

The need to keep the working class under control while allowing the necessary 'euthanasia' of subordinate class fractions associated with pre-war patterns of capital accumulation and colonial enterprise again led to an essentially temporary nationalism and corporatism, meant to shore up the legitimacy of the various governments and cement transitional inter-bourgeois class alliances needed to combat both the working class and the reactionary imperialists. In all of Western Europe, the unity of the bourgeoisie necessary for raising the rate of exploitation and accumulation of capital in order to allow its insertion into the emerging Atlantic circuit of finance capital was most easily achieved by appealing to nationalism. As Simon Clarke has written, "Nationalist" policies with regard to particular capitals tend to improve the terms on which "national" capitals are integrated into the world circuit of capital rather than to resist that integration'.<sup>41</sup>

The most dramatic example of such a process of transitional nationalism was Gaullism, which George Catlin, the British advocate of Atlantic Unity, still feared in 1969

might engender 'a great chauvinist counter-revolution against the entire internationalist endeavour built up since 1914'. The centralization of the government structure in France, accompanied by a devaluation of the role of Parliament and a gerrymandering operation inflating the countryside vote, made the formation of a unitary ruling-class party possible. The Gaullist UNR profited most from the new two-ballot system by offering the catch-all government ticket in the countryside. The liberal parties, Radicals and UDSR, went down in the process, and the Left was seriously reduced. In the Radical Party, the breakthrough of Mendes-France and the group of Servan-Schreiber, who triumphed over Mayer (expelled from the party in 1955) and also outmanoeuvred Edgar Faure, who was linked to the Boussac textile interests, reflected the rise of a corporate-liberal concept. But the Radicals lacked the dramatic outsider position of de Gaulle, and Mendes-France hardly made a Bonapartist candidate. Only the Christian Democrat MRP was able to survive the first, corporatist phase of the de Gaulle regime lasting until 1962. Within the Gaullist party, a liberal tendency headed by Chaban-Delmas (who incidentally had been a Radical deputy from 1946 to 1951) functioned to capture part of the liberal vote for the UNR and its successors.

For the French bourgeoisie, the reinforcement of executive versus parliamentary power was rational because it allowed French capital to obtain direct access to the government in its effort to secure an independent basis for capital accumulation in metropolitan France compensating for the loss of its empire. The state-monopoly tendency in the bourgeoisie was prominent in advocating this shift of power. Leon Noel, director of Rhone-Poulenc and Esso Standard, in his booklet *Our Last Chance* of 1956 had argued against the impediments which the existing parliamentary system in France posed in the way of an active economic policy beneficial to capital accumulation. Under de Gaulle, Noel became president of the Constitutional Council. 43

Claude traces Gaullism straight back to the state monopolism of the 1930s represented by Mercier and Tardieu. As a concept of control in the circumstances of 1958, it combined authoritarian and nationalism with the need to restructure French capital and the class structure in which it operated to the requirements of the new Fordist accumulation pattern. The most prominent supporter of the Gaullist concept of control in the French bourgeoisie capital were Rothschild - through Roger Frey (RPF treasurer and from 1959 on, minister in various departments) and Georges Pompidou—and Paribas - through Emmanuel Monick (its president from 1959 to 1962, who in 1945 already had co-authored a book with Debré recommending the installation in France of a 'Replican Monarch').<sup>44</sup> Gaullism was also supported by the steel industry and the Indochine group, but from a different point of view the Indochine bankers, supported American hegemony first of all, yet rallied to de Gaulle because his government created the conditions for raising the rate of exploitation in France. Their orientation towards the Atlantic economy gave them a new interest in the competitiveness of the French economy, but it took until the Kennedy Offensive before their political leader, Valéry Giscard d'Estaing, would be appointed to the key Ministry of Finance.

The alliance of all fractions of the bourgeoisie except the die-hard colonialists was essential. Although the basic concept of control underlying the Gaullist experiment was designed around the needs of big capital, accommodation was also made to the situation of small capital. One example was Pinay, the representative of small capital, who led the Gaullist government until 1960. In 1959, a tax reform meant to reduce 'the excessive burden on incomes other than wages and salaries', a tax credit

on dividends and a rise in the corporate profit tax combined to prop up the position of farmers and small capital in the profit-distribution process. Their income share improved in 1960, for the first time in a decade, and again in 1962, and so did rentier incomes.<sup>45</sup> These examples testify to how the need for intra-bourgeois compromise paid dividends to a declining class at the price of helping to create the conditions of its further demise in a subsequent stage. In the other countries, the initial EEC period likewise witnessed the political resurgence of small capital. Small capital represented a powerful political factor within Christian Democracy, and it was largely within the Christian parties (in the Netherlands, three separate parties at the time) that the class compromise between small and big capital, complemented by a corporatist approach to labour, actually took shape. The protectionist and otherwise regionalist aspects of the EEC in its early stages, on the other hand, tended to alienate the liberals and Liberal parties.

In West Germany, the arch-liberal Erhard had argued strongly against the supranational approach to European integration. 'The best form of European integration that I can imagine does not rest on the creation of new offices and forms of administration or expanding bureaucracies,' he wrote later, 'but rests first of all on the re-establishment of a free international order, which is expressed best and completely by the free convertibility of currencies. Convertibility of currency self-evidently includes full freedom and the free flow of commodities, services, and capital'.<sup>46</sup> The liberal Free Democrats voted against ratification of the EEC and Euratom treaties because of their protectionist character; in 1957, the party already had left the second Adenauer government. The changes in the German class structure in the meantime had led to a crisis in the FDP. As American influence receded, the militant free-world ideology degenerated into reactionary nationalism, in which the former Nazi general, Von Manteuffel, played a role of his own. In 1956 this led to a conflict over the role of former Nazis in the party, and the election of a new leadership behind E. Mende and Walter Scheel, both committed to the corporate-liberal synthesis and ready to align the party more closely to the positions of the 'reformed' SPD of Willy Brandt.<sup>47</sup>

In Italy, the Liberal PLI and the modernizing liberal party PRI both were excluded from the government in the period 1958-62. In the Netherlands and Belgium, the Liberal parties did participate in the government during this period, but the conservative orientation represented by the Christian Democrats (in the Netherlands more particularly by the Catholic party KVP) was hegemonic. In both countries, the renewal of the alliance between Christian Democrats and Liberals following the ratification of the EEC and Euratom treaties was preceded by exclusively Christian Democratic governments (the Beel cabinet of 1958-59 in the Netherlands and the Eyskens II cabinet in the second half of 1958 in Belgium).

Britain remained outside the EEC, but not outside the process of restructuration towards a corporate-liberal synthesis. When Eden resigned in 1957, Butler was widely expected to takeover, but to strike a balance with the financial interests and the upper-class imperialists, Macmillan, heir to the publishing firm and married to a daughter of the highest aristocracy, prevailed, and with blessing of *The Times* and of Churchill himself.<sup>48</sup> Butler instead got the Home Office in the Macmillan cabinet, in which Sandys, Churchill's son-in-law and proponent of European Movement, became Secretary of Defence.

The transition Britain was about to undergo was made palatable to the British bourgeoisie by a careful policy of influencing the profit-distribution process to the benefit

of strata that were at the same time cut down to size in structural terms. In 1957, the Parker Tribunal exposed the behind-the-scenes policy-making of the merchant bank to community of the City. It thus contributed to transferring the powers for conducting economic policy to the government, but Macmillan's cabinet compensated the groups involved by strongly favouring rentier incomes, which emerged as 'the most rapidly growing sector of personal income since 1957'.<sup>49</sup> The Rent Act of 1957 brought windfall profits to landlords, and the City itself was accommodated by the raising of the bank rate in order to prop up the pound. Macmillan, who according to Bulmer-Thomas 'found it useful to assume the pose of aristocratic grandeur to balance the essential liberalism of his views', so personally intervened whenever fractional interests threatened to block the smooth transition towards a corporate-liberal class compromise on which he intended to base the reorientation of British capitalism. In March 1957, he forced the engineering federation EEF to give in to trade-union demands; and when the Chancellor of the Exchequer, Thorneycroft, wanted to intensify the deflationary policy embarked upon in 1957, he again intervened and replaced Thorneycroft by Heathcoat Amory, who changed economic policy to one of raising purchasing power.

At the level of the Atlantic economy, the establishment of the EEC was accompanied by a shift from commercial to financial American penetration. The European Payments Union of 1950 enlarged the purchasing power of the member states and thus favoured trade in the first place. American exports to Europe benefited from it, while jollar investments were seriously hampered. Internally, EPU was modified several times in order to reinforce the gold or dollar content of the periodical settlements among the participant states.<sup>51</sup>

In December 1958, the European Monetary Agreement, originally signed in 1955, finally came into effect. Its purpose was to maintain European monetary cooperation after the restoration of convertibility of the major currencies (achieved on 28 December). Yet numerous obstacles remained and in mid 1960 the IMF still had to declare that 'time was running out on (the) supposedly temporary post-war currency restrictions' and to urge further liberalization. <sup>52</sup> In September 1957, Britain had limited the use of sterling for financing foreign trade to sterling-area trade. This prompted London-based banks to use US dollars for financing those transactions for which the use of the pound no longer was allowed. This combination of convertibility and restrictions acted as a spur to the development of a foreign currency money and capital market in Europe, the 'Eurodollar' market, which eventually would develop into the pivot of the post-Atlantic world economy. <sup>53</sup>

The major difference between the European Monetary Agreement and the European Payments Union in terms of liberalizing the flow of capital in an Atlantic context was that mutual credit through the clearing union was eliminated and that all settlements were to be made in US dollars. The EPU, after having encouraged American commercial expansion towards Europe when the European currencies still functioned as counterpart to the dollar, by the late 1950s had turned into an obstacle to the direct role of the dollar as an international means of payment, and to direct American investment. <sup>54</sup> The shift from commercial to financial penetration was confirmed by the formation of the EEC. The new Common Market dramatically changed American prospects for expansion in this respect. This was recognized by American capitalists, and one instance of how they reacted may be briefly cited as an illustration. At a conference of the American Management Association in February 1958, a number of prominent EEC officials and

American businessmen were gathered to inform those present about their chances in dealing with a united Western Europe. In his contribution to the conference, George Ball, a Lehman partner and advocate of Atlantic Partnership, who had close ties with Monnet and the existing ECSC establishment, explained the nature of the change by pointing to the deteriorated trade position of American capital. The OEEC, Ball explained, had taken measures with the aim of liberalizing dollar imports from 1955 on, but these had only materialized for raw materials, selected foodstuffs, and a restricted number of capital goods items. Now the Common Market External Tariff was added to the handicaps already existing. The tariff was the average of the various national tariffs which hitherto had been operative. But tariffs had been highest in countries to which the USA exported relatively little, and low in the case of countries like the Netherlands and Germany, with which the USA had extensive trade relations. On balance, therefore, the enlargement of the European market implied a worse situation for US exports.

'There is only one way in which this problem may be minimized, Ball argued. 'If Congress should pass a sufficiently liberal Trade Agreements Act, the US Government will negotiate, not with individual European nations, but with the Community as a whole. Through such negotiations it may be able to effect substantial reductions in the external tariff on items that are important to American business.'<sup>55</sup> In the meantime, there was only one category of American firms for which the negative effect of the external tariff was offset by the advantages of the enlarged European market: firms owning production subsidiaries within the EEC. Accordingly, the advice which Ball offered to American capitalists was to follow their example and reap the fruits of the first harvest. 'An American firm planning to exploit the Common Market may well lose an opportunity if it does not move quickly. '<sup>56</sup>

Eventually, it was Ball himself who as Under-Secretary of State would help execute the trade liberalization he recommended. Liberalization was intended to allow the intra-company division of labour to assume Atlantic dimensions and thus overcome the compartmentalization still hampering the full development of an Atlantic circuit of finance capital. For the moment, however lack of American liberalizing initiatives tended to work in favor the regional consolidation of the modernizing state-monopoly tendency in Europe and to its bolstering by the massive wave of tariff-hopping US direct investment. <sup>57</sup>

French-German rapprochement in the early 1960s was meant to have been the culminating point in the sphere-of-interest policies pursued by the state-monopolistic European leadership. In a fact, the conclusion of the Franco-German treaty on 22 January 1963, one week after the French veto on British EEC membership, no longer reflected the real relationship of forces prevailing at the time. Corporate liberals, profoundly aware that Atlantic integration remained essential to the continued growth of European finance capital, were alarmed that the Franco-German Treaty might be interpreted as a renunciation of Atlantic unity. In March 1963, a declaration was made public in which Abs, Siemens, Overbeck of Mannesmann, Thyssen director Birrenbach, the German employers' organizations BDI and BDA, and the association of German bank capital expressed concern over the anti-Atlantic element in the Treaty, together with Atlanticist politicians from all parties: Brentano, Mende, Erler, Brandt, and Heuss.<sup>58</sup> These men rather than the group around Adenauer which had concluded the Treaty with France, represented the new centre of power in West Germany. This was not lost on the Americans. 'As Adenauer's tenure comes to a close, de Gaulle's influence on German policy is likely to decline', State Department adviser Robert Bowie wrote in *Foreign Affairs*.

'The successors of the Chancellor. . . do not seem inclined to lend themselves to de Gaulle's purposes. Their handling of the Franco-German treaty is an encouraging sign.'<sup>59</sup>

## 2. Kennedy's Grand Design

The 1960-65 period would see the third American offensive of the type analysed in this study. The activist turn of US foreign policy, sustained by a half-decade of exceptionally high domestic growth and a concomitant reassertion of the corporate-liberal synthesis in American class relations, acted as a spur to corresponding social transformations in Western Europe and gave them a markedly liberal bent. If Kennedy's name most appropriately identifies the new offensive, this does not mean, however, that the new President or his administration actually effected the change. Kennedy rather fitted into a wider trend towards activism provoked by the formation of the EEC, the rise of Third World nationalism, and the successes of the Soviet Union.

In 1958 the first signs of a reversal of the protectionist tendency in American trade policy became apparent, although the ensuing negotiations with the EEC over mutual tariff reductions were still hampered by the very limited tariff-cutting authority Congress had granted the Executive in the 1958 renewal of the Trade Agreements Act.<sup>60</sup> In domestic economic policy, the Eisenhower administration likewise seemed to explore untried paths when, in response to the crisis developing from January 1960 onwards, it stepped up military and government purchases, thus accelerating countercyclical forces and stimulating industrial production.<sup>61</sup>

More fundamentally, after half a decade of slow growth and unimaginative policies, social tensions were inexorably building up. The generation born in the war years was reaching maturity and the civil rights movement was gathering force in the South. From several quarters, proposals for a social-imperialist articulation of domestic reform and a foreign-policy offensive were forthcoming. On the eve of the election, Whitney Griswold, a veteran of the Council on Foreign Relations, argued that the remedy for the unfavourable international position of the United States lay in the domestic realm, and more particularly in what he called 'unfinished social and economic business', 'One way to strengthen our foreign policy', Griswold wrote, 'is to get on with that business'.<sup>62</sup> A few years before, the social-imperialist imperative had begun formulated in an influential report co-authored by W. W. Rostow. In a chauvinist tone heralding the future excesses of the new leadership, the report stated that 'The United States is now within sight, solutions to the range of issues which have dominated political life since 1865. The farm problem, the status of big business in a democratic society, the status and responsibilities of organized labour, the avoidance of extreme cyclical unemployment, social equity for the Negro, the provision of equal education opportunity, the equital distribution of income - none of all these great issues is resolved; but a national consensus on them exists within which' are clearly moving forward as a nation.' The authors urged the authorities to undertake foreign involvement all the more vigorously, because with so many accomplishments at home, 'we run' danger of becoming a bore to ourselves and the world'.<sup>63</sup> Rostow himself was to play a crucial role in averting this danger, 'A classic example of the militarized liberal'<sup>64</sup>, Rostow was to become prominent among those 'New Mandarins' criticized by Noam Chomsky, whose 'high mood of confidence and self-righteousness and 'keen sense of control over events' would lead the United States into the Vietnam War and keep it there until it came out on knees.<sup>65</sup>

Although an early supporter of Senator McCarthy, Kennedy the late 1950s had compiled a liberal record which made him an adequate executor of any social-imperialist programme. In closing weeks of the Presidential campaign, Kennedy's brother Robert was able to obtain the release of Black leader Martin Luther King, imprisoned for four months for a traffic offence. Duly publicized, this even implied a commitment to the emancipation of the black population after the election as well. With respect to organized labour, Kennedy campaigned for a 'repeal of the anti-labor excesses which have been written into our labor laws'.<sup>66</sup> To his domestic reform program, the new President added the concept of meeting the socialist challenge by a flexible, but basically offensive approach outlined in his 1957 *Foreign Affairs* article. Kennedy, Williams writes, 'persistently reiterated the classic goals of the old Progressive Movement: reform at home to improve and save the system coupled with the necessary and righteous extension of American power abroad'.<sup>67</sup>

These goals, updated to fit the particular requirements of the early 1960s, were reflected in the composition of the Kennedy cabinet. The Secretary of Labour, lawyer Arthur Goldberg, not only had a background in the CIA mass-production trade-union movement, but also supported its Atlantic extrapolation through his director-ship of the American Committee on a United Europe (ACUE). The appointment of the labour-friendly soap manufacturer Mennen Williams as Assistant Secretary of State for African Affairs also had the aspect of mobilizing organized labour for expansion abroad. With Under-Secretary Bowles, whose millions had been earned in the advertising business and whose previous government career likewise had been consistently devoted to smooth relations with organized labour, Williams was the main advocate of an offensive programme of support for moderate nationalism in the Third World, irrespective of the short-term consequences for Atlantic relations.<sup>68</sup>

At the same time, Kennedy was keen to secure the support of the traditional East Coast centres of Atlanticism. Following his narrow victory, he turned to Robert Lovett, who had been Assistant Secretary of State and Secretary of Defence at the time of the Marshall Plan and the Korean War respectively. Lovett, the son of the general counsel to Harriman's Union Pacific, and married to the daughter of Brown Bros. senior partner James Brown, was a 'power broker who carried the proxies for the great law firms and financial institutions' and as such was the counterweight to the less solidly established liberals like Bowles and Adlai Stevenson.<sup>69</sup> Lovett gave Kennedy a list of 'right people' for key cabinet posts. The choice of Ford executive McNamara, who had served under Lovett in World War Two, at Defence, did not literally represent the penetration into the Kennedy cabinet, but was still highly significant in other aspects. First, in the light of the shift to productive capital in the accumulation pattern of the early 1960s, Detroit was decisive in the competition with the EEC and in the confrontation with the socialist world. Secondly, McNamara represented the technocratic element associated with the new prominence of the rationalization of production. McNamara had been one of a team of 'Whiz Kids' at Ford which rehabilitated the company after having lagged behind General Motors since the late 1920s. Under Henry Ford II, the company once again became a pioneer of social organization, s~ the pace of the new technocratic arrogance that would in due course spill over to the international policies pursued by the Kennedy administration. Hence, McNamara was not a 'Ford' man in the capital-group sense, but very much so in a 'Fordist' sense, although the Atlantic orientation of Henry Ford II in this respect may be mentioned as well.<sup>70</sup>

For the handling of the intricate problem of the declining dollar Kennedy chose Douglas Dillon as Secretary of the Treasury from Lovett's list after David Rockefeller (and Lovett himself) had turned down the offer. The new prominence of West Germany in EEC and its projected role in an Atlantic Partnership help explain the presence of Dillon, Read and Rockefeller-group representatives to the Kennedy cabinet, and accounts for the element of cont with the previous administration. Although the universalist concept guiding the Kennedy policy differed from the sphere-of-interest concept of the Eisenhower administration, the power equation between the United States and West Germany had not changed. Kennedy was averse to German nuclear ambitions, and the American activism in this respect tendentially undermine position of the proponents of a German *Alleingang* like Strauss. Isolated by the pervasive Atlanticist trend, they were replaced by proven Atlanticists in 1962-63. Making American influence live in Germany, however, required that the new weight of the German economy in the North Atlantic context was reck one in the choice of cabinet personnel as well.

The relative decline of Britain, both in economic power and in terms of its role in Atlantic unity, contrasted to the ascendancy of West Germany in both respects. It also sheds light on the promence of Chase men (Dillon, too, was a director of Chase Manhattan) in the Kennedy administration where otherwise Morgan men might have been expected to predominate. (The Chase Manhattan Bank, incidentally, had risen to the first place among US banks in the 1950s, whereas its rival, the Morgan Bank, was in trouble after having merged with the Guaranty Trust in 1959) Kennedy and Lovett obviously thought that Dillon's experience in negotiating with the European states on trade liberalization was an asset in handling the precarious relations with the Atlantic allies on this score.<sup>71</sup>

Dean Rusk, a Southerner and President of the Rockefeller Foundation, was selected as Secretary of State. Rusk, according to Halberstam, was expected to be a low-profile Secretary of State, allowing Kennedy and his advisors to give foreign relations a greater personal imprint. Under-Secretary Bowles, however, became the target of attack from the traditional East Coast establishment looking over the shoulder of 'low profile' Secretary Rusk. By mid 1961, Bowles had become concerned over US policy with respect to Cuba and South-East Asia, and in a memorandum of June of that year he presented a synthesis of his ideas about a better course. In this memorandum, he argued the need to drop the militarist elements in US foreign policy and adopt a consensus-seeking policy instead. Bowles's recommendations to outflank rather than frontally attack Castro and the Soviet Union were in line with Kennedy's own preferences, but his rejection of colonialist Portugal and racist South Africa as Free World allies was not compatible with American imperialist interests. The most critical passage in Bowles's memorandum concerned Germany. Although he repeated the familiar argument on an Atlantic community, he openly contemplated the possibility of allowing Germany to unite on its own terms, become a neutral, and even associate itself with the Soviet Union. <sup>12</sup>

The memorandum did not fail to mobilize his opponents, and in the press stories began to appear suggesting Bowles's dismissal. In November 1961, in spite of Kennedy's personal assurances, Bowles was replaced by George Ball. Ball, too, opposed the militarist stand in South-East Asia, but mainly because 'he feared. . . that it was going to divert America from its prime concern in the world, which was the European alliance'. <sup>73</sup> Also in November, Averell Harriman became Assistant Secretary of Far Eastern Affairs. In the

spring of 1963, he would take George McGhee's post as Under-Secretary of State for Political Affairs.

Thus by 1963 a cabinet well qualified for supervising the expansion of real capital, for dealing with the working class, and for guiding the policy of Atlantic Partnership along a path compatible with the interests of the major economic interests involved, had definitely established itself. Its support in the traditional East Coast power-centres and in the industrial Mid west seemed secure. The was one section missing from the traditional universalist class coalition, however, and that was the South.

In this region, important changes both in terms of class structure and in political outlook had taken place between the Marshall offensive period and the Kennedy years. By the early 1960s, traditional free traders in the cotton and textile industries had joined the traditional protectionists, small oil and gas drillers and coal mining. Gradually, the small-town and rural conservatism of the traditional Democratic homeland, with its strong attachment to the wide English-speaking Atlantic connection, gave way to the radical rightism that grew popular in the expanding and industrialization in Southern cities and was sponsored in particular by the new right. Their hatred of 'socialist' state intervention and of taxes for expensive foreign adventures had put a stamp on Southern thinking. By 1962, Lerche writes, 'the South had earned - and was apparently quite proud of - the distinction of being the most anti-foreign region of the United States'.<sup>74</sup>

The centrepiece of Kennedy's Atlantic Partnership strategy 1962 Trade Expansion Act, could no longer depend on the votes of Southern Democrats. Although the Kennedy offensive functioned to mobilize what remained of support for internationalism, the liberalization programme was burdened by an oil quota system drafted by oil Senators Robert Kerr and Lyndon Johnson (now Vice-President) to which was added a voluntary quota system the cotton-textile industry established in two stages in 1961 and 1962, and compensatory tariff protection for the glass and lumber industries.<sup>75</sup>

Kennedy's concern over the weakness of his coalition had prompted him to seek the confidence of the New York legal and banking establishment, but also led him to reach for support amongst the formally pro-Nixon camp. In October 1961 McCone, a new rich and ultra-conservative shipbuilder from California, was appointed head of the CIA. McCone had been Secretary of the Air Force under Truman, chairman of the Energy Commission under Eisenhower, and had directorships in California banking and later also joined the ITT board. Kennedy chose McCone, according to Hillsman, 'to make the conservatives in business, in industry, the military, and Congress feel that their foreign and defense policy interests would be represented.

On the other hand, the recruitment of support from the new rich did not negate the liberal element in the Kennedy administration. Prominent among those continuing to keep the President and his 'leftist' associates under fire was Texas oil millionaire H.L. Hunt. Of Hunt, Lundberg writes that 'the violence of the diatribes in his subsidized radio programs - carried to 331 . . . stations - led many observers to see them as having at least helped nurture the mood for the assassination of President Kennedy'. Of Johnson, on the other hand, Hunt in 1964 said that he 'wouldn't mind seeing him in there for three terms'.<sup>77</sup> If in the meantime the Vietnam war had not been decided upon by the remaining liberals in Washington, this wish might well have been fulfilled.

'Liberalism' at home, embodied in such programmes as the 'War on Poverty' which particularly infuriated conservatives, was in fact necessary to allow the offensive turn of foreign policy. The outward thrust of the Kennedy policy was based firmly in

domestic reforms and expansionary measures, even if it was often left to his successor to win final congressional approval. In his own lifetime, Kennedy succeeded in having passed an improved minimum wage, low-cost housing projects and urban renewal, as well as a \$900 million public works programme. 78

Employment was still recovering from the 1958 and 1959/60 recessions when Kennedy came to power. At first, the new administration refrained from substantial state intervention and seemed to continue the passive attitude of its predecessor, allowing unemployment to rise again in 1961. By 1962, however, capital accumulation accelerated and employment opportunities improved accordingly. Early in the year, the administration intervened in the labour relations area by establishing wage-price controls. These 'guide-posts' were part of a general activist turn in the Kennedy administration's economic policy. As usual, controls were particularly effective in restraining the trend of wages only. Price policies, as part of the reassertion of the Fordist emphasis in capital accumulation, were intended to favour finished consumer products industries over basic industries like steel, with which the Kennedy administration fought a pitched battle. 79 The steep rise in the US Index of Consumer Research, measuring consumer optimism, from 1960 through 1965, as well as its counterpart in actual expenditure and the production trends for automobiles and household appliances (underpinned by sustained investment in fixed capital), corroborated the administration's policies.80

#### *The Atlantic Partnership Concept*

By 1960, both at the elite and the popular levels, the interest in Atlantic unity was again on the rise in the United States. In Foreign Affairs all aspects of the eventual Kennedy offensive were discussed in detail from 1959 on, while propagandistic activities included the choice of Atlantic federation as the debating topic in American high schools for the scholastic year 1960-61.84 In the Presidential election, both candidates had to formulate a position on the issue of Atlantic unity. Nelson Rockefeller in June 1960 proposed a North Atlantic Confederation, and this was reiterated in a joint statement by Rockefeller and Nixon in July. Rockefeller's position, however, was not typical of the Republican party at the time: Nixon in fact had been forced to adopt the internationalist stance at Rockefeller's prodding, much to the dismay of Eisenhower (who felt that the Rockefeller dictate 'seemed like a repudiation of his eight years in office') and conservative Republican leader Goldwater. 82 The offensive contents of Atlantic federal unity envisaged by Rockefeller - i.e. that it should serve as the launching ground for a 'worldwide union of the free'83 - had a much longer tradition in the Democratic Party. At the outset of the Presidential campaign of 1960, the Democrats adopted a platform which promised 'a broader partnership' in the Atlantic Community, transcending NATO.

To Roosevelt, Atlantic unity had been the precondition for American universalism to be brought to bear on the British Empire and peacefully shift imperialist hegemony to the United States; to the architects of the Marshall offensive, Atlantic unity meant the contraction of the previously projected global dimensions of this transition to the US-dominated Free World, pitted against the Soviet orbit. Faced with new challenges in the underdeveloped world, Kennedy again took up the universalist concept. But to accommodate Western European ambitions, and more specifically, to allow the ongoing process of class formation in the area to sustain the modernizing, corporate-liberal thrust which already was an aspect of the formation of the EEC, rather than simply reactivate commercial liberalism, the US offensive sought to enlist active Western European support

for its Grand Design on a more equitable, 'ultra-imperialist' basis. This was the Atlantic Partnership concept.

If Atlantic unity was to be reemphasized, the most urgently needed revision of policy had to involve defence and, more particularly, the nuclear field. At the December 1960 NATO ministerial meeting, Secretary Herter, following earlier suggestions by General Norstad, NATO commander in Europe, proposed the formation of a seaborne NATO deterrent consisting of submarine and surface ships armed with Polaris missiles. '(Herter) called it a concept rather than a proposal because the Eisenhower administration was in its last weeks. . . and it would be for the Kennedy administration to make the proposal, if any. '84 Herter's 'concept' was a last-ditch attempt to satisfy West German demands, taking British and French nuclear capacities for granted. Strauss had visited the United States and discussed Polaris missiles with Secretary of Defense Thomas Gates in June. In December 1960, Stikker, who was about to become Secretary-General of NATO, in a private letter to former Secretary of State Acheson warned that if the NATO nuclear force proposal was not put into effect, the Germans would go it alone. Stikker knew what he was talking about, since the Norstad plan had first been discussed, with Spaak, Adenauer, and the general present, in Stikker's lake resort in Italy.<sup>85</sup>

Kennedy's position on the Norstad/Herter legacy, renamed Multilateral Force (MLF), was the one formulated by H. Van Buren Cleveland when he wrote that 'the MLF made sense in terms of American interests precisely because it was not a step toward the sharing of nuclear control, but rather a way of channelling Europe's - and especially Germany's - nuclear interests and energies away from the development of independent nuclear forces.'<sup>86</sup> The American aim was to reconstruct a world configuration of forces in which the United States again commanded a central, mediating position and as far as the attitude towards a military role for Germany was concerned, there was even the hint of a re-emergence of the wartime coalition between the Soviet Union and the United States, spurred on by German nuclear ambitions. In an *Izvestia* interview, Kennedy declared his opposition to a West German nuclear capability, and his refusal to allow a military reaction to the construction of the Berlin Wall likewise reflected a determination not to activate German militarism. Comparing the new American attitude with the policies of the previous period still adhered to by men like Adenauer, Kennedy's National Security Assistant, McGeorge Bundy, claimed that 'among the allies. . . , we are the moderates'.<sup>87</sup>

The first partner the United States turned to in the new Atlantic offensive was Great Britain. Here, as we have seen, Harold Macmillan's rise in the Conservative Party corresponded to the break-through of the corporate-liberal synthesis as the hegemonic concept for British capitalism; a trend that was reinforced in 1960 with the appointment of Edward Heath as Lord Privy Seal with Foreign Office responsibilities. Macmillan now embarked upon a full-scale policy reorientation towards the EEC, and it became Heath's task to bring British policy in line with the thrust towards Atlantic and liberal European unity emanating from the United States. In August 1961, the House of Commons approved a motion supporting Britain's application for EEC membership.<sup>88</sup>

This fitted the profile of a British role in Atlantic Partnership as it was envisaged by the American administration. In the joint statement made public following Kennedy's first meeting with Macmillan in April 1961, there was not a trace of the former Anglo-Saxon chauvinism, the 'fraternity of English-speaking peoples' or the special relationship. 'We have talked as partners', Kennedy and Macmillan let it be known, 'but with a full awareness of the rights and interests of the other nations with whom we are closely

associated.<sup>89</sup> In 1962, the Kennedy administration withdrew the American offer, made by its predecessor, to supply the British with Skybolt air-to-ground missiles. This left the United Kingdom without a delivery system for its nuclear bombs, since a British ballistic missile had failed to get off the ground. Instead, in December 1962, Kennedy and Macmillan concluded an agreement at Nassau by which Britain acquired three nuclear submarines plus Polaris missiles. This force, including the nuclear warheads, was subsequently placed under NATO, (read American) command. On in a national emergency, were the British entitled to use this force by themselves.<sup>90</sup> In the communiqué issued after the Nassau agreement, in which Kennedy also for the last time emphasized the need for Britain's admission to the EEC, there were no references the Anglo-American fraternal relations either. <sup>91</sup>

Still, the revival of interest in Atlantic unity, which according to Beloff was 'the most striking feature of the discussion' during the first year-and-a-half of the Kennedy administration, inevitable worked to reactivate the 'orthodox' protagonists of Atlantic Union as well. Streit's *Union Now* was republished in combination with an autobiographical account, and in the course of 1961, enthusiast about the future of Atlantic unity seemed to leave Kennedy's careful calculations behind. In *Foreign Affairs*, the chairman of the Senate Foreign Relations Committee, Fulbright, drew the picture of Great Britain, Canada, and the United States 'moving toward full participation' in European integration in order to establish the 'inner community' of a prospective world system. <sup>92</sup>

In early 1962, therefore, the administration elaborated its concept of Atlantic unity in greater detail. 'It is not our intent to join the European Common Market', Secretary of State Rusk declared in an address on February 22. '. . . We look to a partnership between the United States and an increasingly unified Europe. The organs of Atlantic cooperation which are at hand - in NATO and the DECO - are the active instruments of that partnership'.<sup>93</sup> The Partnership concept had already been emphasized the previous month in a speech by the President on the Trade Expansion programme. 'An integrated Western Europe, joined in trading partnership with the United States, will further shift the world balance of power to the side of Freedom', Kennedy stated before Congress. Whatever reticence might have existed on the degree to which Atlantic unity was to be formalized, it was abandoned in the debate over its projected economic foundation, the proposed Trade Expansion Act. Requiring for its Congressional approval 'an unparalleled campaign to sell (the administration's) ideas', and eventually burdened by the escape clauses already referred to, the Act granted Kennedy negotiating authority 'greater than ever before and incomparably greater than that under which the Dillon Round negotiators were struggling'. <sup>94</sup>

Significantly, one of the provisions of the Act aimed at completely liberalizing the market for technologically advanced equipment. Under the so-called 'Dominant Supplier Provision', the President was authorized to reduce to zero the tariff on products in which 80% of capitalist world trade was accounted for by the exports of the United States and the EEC combined, assuming British membership. This provision by its Atlantic demarcation aimed at the establishment of an integrated circuit of finance capital, including the intra-company division of labour aspect, at the North Atlantic level. As far as the American side was concerned, 'the passage of the Trade Expansion Act of 1962 represent( ed) in many ways a halt and partial reversal of the protectionist trend of the 1950's'.<sup>95</sup>

George Ball, Under-Secretary of State and one of the architects of the Trade Expansion programme, in April outlined the notion of an Atlantic Partnership more explicitly. In late 1961, together with Christian Herter and Will Clayton, Ball had proposed to make an Atlantic Partnership the basis for trade liberalization and the co-ordination of development aid. Now he repeated the advice. Ball stressed the value of the newly-formed DECO for coordinating economic policy between the North Atlantic states and for jointly organizing their intervention in the underdeveloped world via aid programmes. These two goals replaced the trade liberalization objective advanced by the original OEEC and reflected the structural growth of state intervention as well as the projected widening of the international circuit of finance capital beyond the North Atlantic area.<sup>96</sup> On 4 July, finally, the President made his famous statement that the United States was 'ready for a "Declaration of Interdependence" , and was 'prepared to discuss with a United Europe the ways and means of forming a concrete Atlantic partnership. '<sup>97</sup>

Concentrating the decisive military assets in American hands in the meantime was a crucial aspect of the Partnership concept. Both in defence spending and in the actual application of military force abroad, the Kennedy offensive reached unprecedented level of peace-time standards. The US defence budget for the first time since the Korean War broke the \$50 billion ceiling in 1962 (measure 1960 dollars); more than one-third of all US armed intervention abroad in the period 1946-75 fell in the 1961-65 offensive.<sup>98</sup> While the nuclear role of Western Europe was to be trimmed, a major sales drive was launched to supply the European armies with advanced weapons. Strangely, the contours of an emerging Atlantic military industrial complex were thrown into relief by the establishment of the World Wildlife Fund in 1961 under the sponsorship of Prince Bernhard of the Netherlands. Next to the Dutch Prince, which Inspector-General of the Dutch armed forces was in a position to influence arms purchases, such renowned 'friends of the an world' as the directors of Northrop and Lockheed, (and Lockheed agent for Europe, Fred Meuser) joined the new organization. Hence forward, this dimension of the Atlantic bond would increasingly conflict with the civilian-economic dimension expressed in the rise of a corporate-liberal bourgeoisie, interested in utilizing military research for establishing a technologically advanced infrastructure for supporting an autonomous internationalization of capital. Whereas the bourgeoisie associated with the latter tendency responded positively to the Partnership policy and even looked beyond it, the Atlantic liberals involved in US arms deals with Europe perforce remained committed to a much more subordinate Atlantic Union concept, and as Sampson writes, 'their weakness reflected in corruption and in increasingly "Latin American" attitudes'.<sup>99</sup>

The reassertion of the American nuclear monopoly, and the exponential proliferation of advanced conventional arms sales underlay the announcement by Secretary McNamara in June 1962 of a fundamental change in US military strategy. Henceforward, only Soviet military sites would be targeted in an American nuclear strike; enemy cities were to serve as hostages to keep the Soviet Union from retaliating. Commenting on the new strategy of 'flexible response', RAND analyst Malcolm Hoag wrote that 'independent nuclear options (had) become anachronisms.'<sup>100</sup>

Relations with France rapidly deteriorated as a consequence. From de Gaulle's 1958 memorandum and his refusal to have France participate in an integrated NATO tactical air force in 1959, tensions had developed in several stages. Ten days after McNamara had outlined the doctrine of graduated deterrence at a NATO meeting in Athens in May 1962, the French President gave a press conference in which he announced the formation of an independent Force de Frappe. Two days later, Kennedy

declared that independent deterrents were undesirable. That autumn, an American offer to supply Polaris- equipped submarines was withdrawn. Following the Cuban missile crisis, de Gaulle publicly complained about not having been consulted by the American leadership. From there, the crisis in US- French relations spilled over to the apparently non-military problem of British admission to the EEC, of which in French eyes, after the reintegration of the British nuclear force in NATO, only the economic disadvantages remained.<sup>101</sup>

In a sense, Kennedy's Partnership strategy was effectively thwarted by the French decision to veto British EEC membership the following January. De Gaulle had well understood that militarily, as Dean Acheson's article in *Foreign Affairs* that month stated in both its title and its content: 'The Practice of Partnership' would first of all mean a return to the American nuclear monopoly and hence, a controlling position for the United States in setting the parameters of international politics.<sup>102</sup> Speaking in Frankfurt in June 1963, Kennedy conceded that 'the Atlantic Community will not soon become a single overarching superstate. But practical steps towards a stronger common purpose are well within our grasp'. The future of the West, he maintained, 'lies in Atlantic partnership'.<sup>103</sup> One month later, he once again outlined the connection between Atlantic unity and American universalism which the EEC had failed to appreciate. 'In time', he told an Italian audience, 'the unity of the West can lead to the unity of East and West'.<sup>104</sup>

### 3. The Imperialist Imperative

The unity of East and West was still far away, however, and the Kennedy offensive hardly succeeded in overcoming the Cold War or avoiding confrontation with the Soviet Union. With respect to the socialist countries, the period even saw an upsurge of economic warfare against the Soviet Union and Eastern Europe. In the 1950s, the embargo imposed in the Marshall offensive gradually lost its effectiveness as revisions of the COCOM list of strategic goods failed to keep up with expanding trade between Western European and Eastern European states. In 1956, in order to capitalize on centrifugal tendencies in the Soviet orbit, Poland was even accorded preferential treatment by the United States and exempted from a number of COCOM restrictions. Although the Kennedy administration was inspired by Roosevelt's universalists and from this vantage-point sought to renew the approach of undermining the Soviet orbit of planned economies by conciliatory policies, the alarmist tone of the new President's campaign and initial policy statements cut across such a project. In 1961, Congress curtailed Presidential discretion with respect to Poland and Yugoslavia. Through a 1962 amendment to the Export Control Act of 1949, the list of goods which by their military significance were considered harmful to the national security of the United States if exported to socialist countries was extended to cover goods of economic significance. The same year also brought 'a more important . . . and enduring limitation on the President's East-West trade policy making powers'.<sup>105</sup>

It was not until 1963 that the Kennedy administration was to brake this wave of economic warfare. The announcement of the Soviet- American wheat deal heralded a gradual normalization, to which the 1964 hearings on US East-West trade policy by the Senate further contributed. By this time, however, the impetus of the Kennedy offensive

was spending itself, and further economic detente would be part of the process towards renewed contraction rather than expansion of American influence.

### *Redistribution in the Periphery*

By their capacity to generalize the particular interests of the states involved to a transcendent 'Western' interest, as well as by its free trade aspect, the Atlantic unity offensives in the era of Atlantic integration always functioned as modes of imperialist redistribution to the benefit of the United States. The mobilization of European liberals and Social Democrats behind the American call for unity allowed US capital to penetrate into the European colonies a spheres-of-influence by holding out the prospect of and general reinforcement of capitalism, both in the metropolitan and in the peripheral areas. In line with the thrust of universalism, and crucial with respect to mobilizing Social Democrats in particular, an attempt was made to base imperialist dominance more firmly in the local class structure in the periphery. In the Kennedy offensive, even more than in the Roosevelt or Marshall periods, the Americans probed beyond established colonial rule or military dictatorships for moderate nationalist, middle-class groupings in the underdeveloped world.

This policy at the same time required a firm approach to those Third World states which were beyond imperialist manipulation. Embargoes like those imposed against Eastern Europe therefore were used to isolate bridgeheads of socialist revolution in the periphery. Cuba was subjected to an economic embargo from 1959 on; to which, in 1963, the Foreign Assistance Act added sanctions against non-obliging third countries. In 1961, North Vietnam, too, was put under a virtual economic embargo by the United States. 106 The positive counterweight to these measures was the establishment of the Peace Corps, which fitted into the tradition of Point Four, and the Alliance for Progress for Latin America.

Meanwhile, Africa and Asia remained target areas for American expansion, and prominent Kennedy men argued the need to link the quest for Atlantic unity with the resolution of remaining inter-imperialist rivalries in these areas. As Kennedy's eventual UN ambassador, Adlai Stevenson, warned in 1960, if the existing compartmentalization of the European and Atlantic economy would not be broken down, 'frictions will be spread to Africa as a last divisive legacy of colonialism.'<sup>107</sup>

By 1960, rapid decolonization allowed the Americans to lay their proposals before the political representatives of the newly emerging states directly. The United Nations offered an excellent arena for the promulgation of the principles of American universalism and for their absorption by Third World leaders eager to take part in the organization of a world of sovereign states along the outlines of the Atlantic Charter and the United Nations Declaration. American policy accordingly sought to create a stable basis for agreement between the 'First New Nation' and its more recent counterparts. As Kennedy's Assistant Secretary for International Organization Affairs, Harlan Cleveland, put it in 1961, American strategy was to 'help bind together the nations committed to the (UN) Charter into an international society' and to 'mobilize the moderate elements of the Assembly'. 108

In the colonial mother-countries still clinging to their overseas possessions and dependencies, the rapid improvement of US- Third World relations caused grave concern. In his letter to President Kennedy of 13 February 1961, Spaak, explaining his resignation Secretary-General of NATO, put the question squarely. 'Does the United States attach

more importance to the UN than to NATO? In other words, is it ready, in order to win the support or the friendship of the non-aligned countries, to go so far as to sacrifice the interests or to hurt the feelings of its NATO allies?' Referring to Suez and Algeria, Congo and Portuguese Africa as cases in point, Spaak went on to conclude that 'even if it is decided that NATO is not to have executive powers in the economic sphere, ought nevertheless remain the place where Western policy *vis à vis* the underdeveloped countries is laid down.' 109

The special case in which the Belgian now as foreign minister, was to face the consequences of the new American strategy was the Congo, where the United States operated 'regardless of the legitimate interests of its NATO partners' according to Spaak's view. At one time, the dream of swift decolonization, which dated back to the Roosevelt era, still inspired the policies of the State Department', wrote in retrospect. 110 In fact, it had taken several new appointments, notably Mennen Williams's, to bring home the change attitude in this respect as far as Africa was concerned, and even that the new forces ran upon powerful vested interests.

In October 1962, Bowles, who had been made Kennedy's special adviser upon his removal from the State Department, visited the Congo. He discovered that an American mission, which had left before he arrived, was establishing a close relationship with Tshombe, the stooge of the foreign mining interests and self-appointed leader of the mineral-rich Katanga province. Believing that African policy thus was still dictated by the Department European Bureau, 'which was itself influenced by the British French and Belgian financiers who owned the copper mines in Katanga', Bowles intervened directly with Kennedy on the ground that American policy towards black Africa would be wrecked by sticking to the reactionary course. 111 Eventually, Kennedy's personal decision was required before the United States backed UN action in the Congo, and Pentagon and State Department resistance, was overcome.

Four years of factional struggles ensued, in which the popular left-wing leader Lumumba was murdered on American order while UN troops threw out the Russians and reestablished national unity. Various attempts to establish a moderate pro-Western leadership acceptable to American and European interests were made, but no stable ruling group emerged. When the UN troops left, Adoula, one of those tried in the years before and backed by the Belgian government on account of neo-colonialist calculations, assumed the government. Soon Tshombe took power again, but by then the ultra-imperialist approach to Third World disturbances was well on the wane, and the Americans now secured their interests by putting Colonel Mobutu in the saddle in 1965. 112

In Asia, the Americans intervened when the Dutch refused to cede New Guinea, which they had retained at Indonesia's independence in 1949, to Sukarno. Under Eisenhower, the State Department, as with the Congo, had acquiesced in this colonial arrangement, and in 1958 Secretary Dulles assured the Dutch foreign minister, Luns, that the Netherlands could count on American support in the event of hostilities over the island. 113 As late as 1954, Dulles in closed session of the Senate Foreign Relations Committee had declared that in his opinion independence had been given to Indonesia prematurely. 114

Kennedy reversed American policy, strongly suggesting a solution accommodating Indonesian aspirations. In late 1961, he appointed Averell Harriman to Far Eastern Affairs in order to get the pro-European conservatives in the State

Department under control; and in a letter to the Dutch Prime Minister in April 1961, he warned that moderate elements would be eliminated if it came to a confrontation. In that case, 'the entire free world position in Asia would be seriously damaged'. 115

The Congo and New Guinea affairs, testifying also to the role of bureaucratic resistance to Kennedy's Grand Design, of course pale in significance compared to the developments in Vietnam. The militarized liberals of the Kennedy administration as early as 1961 recommended the introduction of regular US troops to deal with Vietnamese insurgency. General 'Big' Minh, the 'moderate nationalist' alternative to Ngo Dinh Diem who was assassinated after several American requests to resign, was able to stay in power for only two months. The American assumption of the global police role that the European powers had relinquished in the 1956-1965 period, paved the way for a resumption of European economic initiatives in the Third World at a later stage. In the meantime, the Indo-China war would contribute greatly to the loss of American hegemony over Europe, and even precipitated the crisis of corporate liberalism as such. 212

### *The Role of the AFL-CIO*

The redistributive aspect of the Kennedy offensive and its strong universalist accent made the Southern Hemisphere the major target for American imperialism. In the area of shaping labour relations the emphasis was likewise on the underdeveloped regions. 'From an economic standpoint', Cox writes of this period, 'official policy promulgated by agencies such as ILO, the Organisation for Economic Co-operation and Development (OECD), and the League Nations Special Fund viewed the improvement of the quality of labor, mainly through occupational training, as a "preinvestment" condition for economic development. . . From a political standpoint', the struggle for the ideological allegiance of labor in less developed countries escalated. Somewhat more subtle were efforts to export models of industrial relations systems to these countries through bilateral aid programs and through intergovernmental agencies concerned in this field of policy.' 116

The American trade-union leadership was active in both dimensions, but the weight accorded to either the political dimensions combating Communism or the economic dimension varied for each of the two main traditions combined into the AFL-CIO. It is of the merger of 1955, differences between the AFL and the CIO had not been fully overcome. Abroad, the CIO tended to adopt an offensive position: this had been the case Marshall era already, when Victor Reuther of the United Auto Workers (UAW) had been the principal CIO envoy in Europe. At the time, he and his brother Walter had led the struggle against the anti-Communist hardliners in the AFL leadership. In their attitude towards Communism, the Reuther brothers were generally closer to the Kennedy and early Johnson administrations than to the AFL. 117

In 1961, as part of the Alliance for Progress, the American Institute for Free Labor Development (AIFLD) was established in order to aid the development of stable local class structures capable of averting inherently instable military dictatorships. The AFL, however, interpreted their mission as intended to prevent progressive governments from taking or holding power. Walter Reuther's 1966 accusation that the AFL-CIO worked with the CIA was based in particular AIFLD experience. 118

In this respect, the Kennedy offensive brought a repeat performance of the Marshall episode, in spite of its more consistently universalist platform. Again, the specific AFL contribution to expanded trade-union activities abroad fitted into this oil much easier

than would have been the case had the Kennedy policy lived up to its lofty declarations of intent. The conflict with the UAW accordingly was postponed to a juncture in which the full consequences of American activism abroad became visible, and when the gradual contraction of US foreign involvement allowed a certain thaw in East-West relations.

By then, the aggressive anti-Communism of the AFL had lost touch with the realities of the American international position, which in the eyes of both allies and opponents no longer allowed the self-righteousness of the preceding period. The walk-out of the American trade-union representatives at the June 1966 ILO Conference to protest the election of a Polish chairman provided the occasion for Reuther's attack. His action was rebuffed at a special meeting of the AFL-CIO Executive Council, but it was the overture to departure of the UAW from the federation. 119