

TRADE AND PEACE: TRADITION AND THE  
KISSINGER-NIXON FOREIGN POLICY  
OF THE UNITED STATES

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'... without expansion of international trade, based upon fair dealing and equal treatment for all, there can be no stability and security either within or among nations... (Furthermore) the withdrawal by a nation (or group of nations) from orderly trade with the rest of the world inevitably leads ... to preparations for (a military or trade) war and a provocative attitude toward other nations.'<sup>1</sup>

To what degree the above comment by Secretary of State Cordell Hull in November 1938, represents fundamental convictions found in the articulation of United States foreign policy, can best be assessed, by juxtaposing the following excerpt from Republican President Nixon's 'Report to Congress' on February 9, 1972:

'... some of our trading partners are following certain trade policies which adversely affect us ... Particularly worrisome are new preferential trading arrangements ... which ... constrain worldwide trade opportunities, ... weaken ... international economic relations and raise the risk of political tensions .. (Such a) retreat by any nation or group of nations into protectionism, or attempts to gain advantage by means of neo-mercantilist policies, will deal a severe blow to international cooperation which underlies the strength and prosperity of all nations.'<sup>2</sup>

In the thirty four years which span these statements, the foreign role of the U.S. may have subsumed differing salient characteris-

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<sup>1</sup>Speech to the Foreign Trade Convention, quoted by V. KIMBALL 'Lend-Lease and the Open Door: The Temptation of British Opulence 1937-42' in *POLITICAL SCIENCE QUARTERLY* V. 86 #2 June 1971 p. 235.

<sup>2</sup>Report to Congress, *U.S. Foreign Policy for the 1970s: The Emerging Structure of Peace*, February 9, 1972 (USIS).

tics, however I suggest that these are not departures from the original matrix but nuances dictated by the co-temporaneous external and internal environments. The difficulty which is raised is one of determining, in the flux of politics, whether national security policy is informed by basic national policy goals, or whether the inverse is the case. Perhaps the suggested dichotomy is false, and the symbiosis of economic and security goals makes distinctive analysis meaningless. In this case we can assume that salience of security concerns suggests the state of threat to economic aspirations and goals. It follows therefore, that as Kimball suggests, the basic goals of American foreign policy are liberalization of world trade and the expansion of foreign markets.<sup>3</sup> Any real or perceived threat or impingement upon these 'basic goals', is reacted to in various ways, i.e. a role supportive of powers defending these goals (Lend-Lease), assumption of leadership role (Truman Doctrine and Marshall Plan), containment and confrontation (defense alliances), and recently 'Ostpolitik' American Style. Underlying all these performances is a preoccupation with domestic prosperity and peace, as suggested by a proclivity to 'quid pro quo' in every contribution or other concession beyond U.S. boundaries.

Roosevelt's early reaction to war in Europe was that it would benefit America economically.<sup>4</sup> As Nazi expansionism became more evident, he observed in early 1939;

'... democracies ... cannot safely be indifferent to ... acts of aggression ... (which) automatically undermine all of us.'<sup>5</sup>

Working from this conviction, he set about bringing the U.S. to a role supportive of Britain and France. Immediately following the outbreak of war in September, he succeeded in getting Congress to repeal the arms embargo provision from the 1937 Neutrality Act.<sup>6</sup> The substance of the amendment was to include arms and armaments in the list of war material which the President was empowered to release for sale to belligerent states, against delivery and spot payment in the United States.<sup>7</sup> The purpose of the original legislation, to keep America physically out of the war in Europe, did not change. True, it was the Western powers which benefitted from

<sup>3</sup> KIMBALL, *op. cit.* p. 233.

<sup>4</sup> KIMBALL, *ibid.* p. 239.

<sup>5</sup> ALLEN, H. *GREAT BRITAIN AND THE UNITED STATES: A HISTORY OF ANGLO-AMERICAN RELATIONS 1783-1952* (New York 1955) p. 778.

<sup>6</sup> ALLEN, *ibid.* p. 795.

<sup>7</sup> KIMBALL, *op. cit.* p. 238.

this amendment, presumably because of Britain's control of the Atlantic sea-lanes. However, it is premature to suggest that America was altering its neutral posture for a committed one, especially when one considers the financial difficulties Britain faced through shortage of dollars, which were the only means of exchange accepted by the United States.<sup>8</sup>

On his part, Winston Churchill, the British Prime Minister was eager to obtain full American commitment to Britain's side. One month before the fall of France, Churchill sent Roosevelt a cable on May 20 1940, the language of which was obviously intended to stimulate doubt as to whether U.S. neutralist policies would in fact guarantee American interests. In rhetoric of Churchilleian depth, the communication read;

'... in no conceivable circumstances will we consent to surrender. (But) in ... parley amid the ruins ... the sole remaining bargaining counter with Germany would be the Fleet, and if this country was left by the United States to its fate no one would have the right to blame those ... responsible if they made the best terms ... for the surviving inhabitants.'<sup>9</sup>

The implications of a Nazi occupied Britain and a German controlled British fleet at large, are hardly encouraging, militarily or .../economically. The fall of France on June 22, heightened the credibility of the quasi-apocalyptic vision painted by Churchill four weeks earlier. Within three months of the French collapse, the United States had their first peace-time conscription Act, and the formal alliance of the three Axis powers on September 27, vindicated the sharpening of American apprehensions.<sup>10</sup> Earlier, in July 1940 Roosevelt took a strong position on the question of aid to Britain, and arrangements were being considered for the transfer of American warships to the British, in exchange for the lease of Britain's Caribbean bases.<sup>11</sup> The deal was executed as a 'quid pro quo'. The United States obtaining free use of the naval bases in Newfoundland and Bermuda, plus 99 year leases on five other British Caribbean bases, giving America 'the most important (achievement) ...

<sup>8</sup> Kimball in fact suggests that America's 'neutrality wall' was first 'pierced' in 1937, when 'cash-and-carry' was first introduced.

<sup>9</sup> ALLEN, op. cit. p. 801.

<sup>10</sup> ALLEN, *ibid.* pp. 806-8.

<sup>11</sup> ALLEN, *ibid.* pp. 803-4.

in the reinforcement of national defense ...'<sup>12</sup> Churchill's message had 'drawn blood,' and the Americans set about shoring up their defenses.

On the question of money, the U.S. was less prone to quick reaction. On May 15, 1940, Churchill communicated to Roosevelt;

(Although we) shall go on paying dollars for as long as we can ... I should like to feel reasonably sure that when we can pay no more (in your currency) you will give us the stuff all the same.'<sup>13</sup>

In fact the British government was constrained by desperate urgency to forget the notion of conserving dollar assets, hoping that a solution to the momentarily less vital problem of finance would appear.<sup>14</sup> Instead, pressures for Britain to divest herself of her American economic interests increased, and even though little was accomplished in this direction, the pressures .. /did not subside until the 'quid pro quo' debate surrounding Lend-Lease diverted attentions.<sup>15</sup> Reacting to the British asset debate in the United States, Churchill, in outlining to Roosevelt on December 8, '... the various ways in which the United States could give supreme and decisive help to ... the common cause ...' warned that;

'... it would be wrong in principle and mutually disadvantageous in effect if Great Britain were to be divested of all saleable assets ... so that ... (w)e should be unable, after the war, to purchase the large balance of imports from the United States over and above the volume of our exports which is agreeable to your tariffs and industrial economy ...'<sup>16</sup>

Such a situation would almost guarantee the continuation and possibly extension of discriminatory trade practices. During the Lend-Lease negotiations the following year, Keynes confirmed Churchill's warning by indicating in no uncertain terms that Britain's grave postwar economic situation might oblige her to enter bi-lateral arrangements, which could very probably work against United States interests.<sup>17</sup>

<sup>12</sup>Roosevelt, quoted in ALLEN *ibid.* p. 808; vide also ROOSEVELT'S FOREIGN POLICY 1933-41, Unedited Speeches and Messages (New York 1942) pp. 273-6; KIMBALL *op. cit.* p. 243.

<sup>13</sup>Churchill, quoted in ALLEN, *op. cit.* p. 807.

<sup>14</sup>ALLEN, *ibid.* p. 808.

<sup>15</sup>ALLEN, *ibid.* KIMBALL, *op. cit.* pp. 240-1.

<sup>16</sup>Churchill, quoted in ALLEN *op. cit.* p. 809.

<sup>17</sup>GARDNER, R. STERLING-DOLLAR DIPLOMACY (New York 1966) pp. 32, 41-2.

Roosevelt was obviously aware of the consequences to American prosperity, of a Britain where Imperial Preference was compounded with barter trading. At a press conference in Washington on December 17, 1940, he articulated these concerns in broad terms, declaring that;

'(There) is absolutely no doubt in the mind of a very overwhelming number of Americans that the best immediate defence of the United/.../States is the success of Britain defending itself.'<sup>18</sup>

It is also conceivable, that when he gave his famous 'Arsenal of Democracy' speech towards the end of the month, Roosevelt's choice of analogy, in comparing the current grave situation to the earlier economic crisis, was not fortuitous, but intended to presage disastrous consequences to America's post-war economy if support of Britain remained pusillanimous and overly concerned with short-term returns. Certainly the following excerpts from that famous 'fireside chat' tend to support the hypothesis:

'We know now that a nation can have peace with the Nazis only at the price of total surrender ... Such a dictated peace ... would be only another armistice, leading to the most gigantic armament race and the most devastating trade wars in history ... Thinking in terms of today and tomorrow ... there is far less chance of the United States getting into war if we do all we can now to support the nations defending themselves against ... the Axis ... (Clearly) the course I advocate involves the least risk now and the greatest hope for world peace in the future.'<sup>19</sup>

One can almost extrapolate the suggestion that – 'peace dovetails with unhampered trade', which is a Hullean aphorism in reverse order – 'unhampered trade dovetail(s) with peace'.<sup>20</sup> Whilst one should not discount the speaker's conviction in the ideological content of his appeal, the 'nub' of the matter is articulated by Roosevelt in the introduction to his 'chat', as;

'... the whole purpose of your President is to keep you ... out of ... war for the preservation/.../(and enjoyment) of all

<sup>18</sup> Roosevelt, quoted in ALLEN *op. cit.* p. 809.

<sup>19</sup> ROOSEVELT'S FOREIGN POLICY *cit.* pp. 314-5.

<sup>20</sup> Congressman Cordell Hull during the Great War, quoted in GARDNER *op. cit.* p. 9.

things that American independence means ...'<sup>21</sup>

By definition, it is also the purpose of the President to defend the fruits of American independence – peace and prosperity, by whatever means are least costly in the long run, and most expedient under the circumstances. To refuse this conclusion is to suggest contradiction at least.

What followed this growing American awareness, that appeasement, of Hitler and his cohorts, however manifested, must produce negative returns, was Lend-Lease. The Bill, H.R. 1776 entitled 'An Act Further to Promote the Defence of the United States', was introduced early in 1941 and signed into law by Roosevelt on March 11, Churchill initially described it as 'the most unsordid act in the history of any nation'. What the Act did was enable the President, 'to dispose of (among other things) ... any defense article ... (and) defense information' to any foreign government whose defense was considered vital to the security of the United States, the only limitation on the President's jurisdiction being that funds so allocated depended upon the approval of Congress.<sup>23</sup> Swept away were all legal and financial obstacles to aiding Britain, or any other foreign state whose defense was necessary for the goals of the United States. The assurance that United States aid would not cease, as long as the recipient state could resist, was institutionalized.<sup>24</sup> By September 18, 1941 the first appropriation of 7 billion dollars had been almost totally utilized, and a further 6 billion requested.<sup>25</sup>

Following the enactment of Bill H.R. 1776, Roosevelt articulated his country's philosophy on the occasion of Foreign Trade Week, and presaged the future world leadership role of the United States. In unequivocal terms he declared;

'... aggression menaces not only our foreign trade and our national business prosperity ... (but) circumscribe(s) the area within which the principles upon which we base our international commercial relations can operate. International commerce in a world dominated by totalitarianism would never be carried on for the mutual benefit of all. It would be ... con-

<sup>21</sup> ROOSEVELT'S FOREIGN POLICY cit. pp. 310-1.

<sup>22</sup> KIMBALL THE MOST UNSORDID ACT, LEND LEASE 1939-41 (Paltimore 1969) pp. 80-3.

<sup>23</sup> ROOSEVELT'S FOREIGN POLICY cit. pp. 340-2 'Text'.

<sup>24</sup> ROOSEVELT'S FOREIGN POLICY ibid. pp. 342-7, World Broadcast March 15, 1941.

<sup>25</sup> ROOSEVELT'S FOREIGN POLICY ibid. pp. 351-69, 494.

trolled for the ... advantage of THOSE NATIONS WHICH HAVE ALREADY DECLARED THEIR DETERMINATION ... TO SUBORDINATE TO THEIR OWN PROFIT THE WELFARE OF ... OTHER PEOPLES. Therefore it is idle ... to talk of future foreign trade unless we are ready ... to defend the principles upon which it must be based ... FAIR TERMS UNDER DEMOCRATIC PRINCIPLES ... (A)fter the emergency ... (we) must continue (this) leadership in the preservation and promotion of liberal economic policies ... (and to) fulfill ... (our) responsibility in rebuilding ... a world economy from the chaos into which it has been plunged by destructive trade restrictions ...'<sup>26</sup>

Without underestimating the choice of argument as being made for the specific interest of the audience, the interpenetration of ideological and economic concerns, is similar enough to rhetoric directed at other audiences to make one wonder how much of the discourse is specifically directed. Also, whether it is not more likely that there is little unintended in the broader message, which emerges to indict all restraints on liberal trading practices, irrespective of their cause or source, outside the United States. Clearly, the Roosevelt Administration's persistent concern with preparing a Master Lend-Lease agreement which would ensure that 'Britain eliminate(d) her discriminatory trade practices in return for lend-lease',<sup>27</sup> and the President's 'unequivocal' refusal to commit himself on the issue of cancelling Lend-Lease debts,<sup>28</sup> argue in favour of the 'basic goals' theory, within which ideological and strategic behaviours become ancillary to overall purposes. Certainly this view helps explain also, why the United States, in formulizing an Anglo-American *entente* in the Atlantic Charter, without physically committing troops to aid Britain, attempted to include a provision against discriminatory trade practices.<sup>29</sup> A meeting of representatives from six U.S. Departments and Agencies concluded that the Lend-Lease Act would be a 'dominant factor' in United States trade with the British Empire,<sup>30</sup> and as the U.S. Ambassador

<sup>26</sup> ROOSEVELT'S FOREIGN POLICY *ibid.* pp. 387-8, emphasis added.

<sup>27</sup> KIMBALL, 'Lend-Lease and the Open Door...' *op. cit.* pp. 248-9.

<sup>28</sup> HERRING, G. 'The United States and British Bankruptcy 1944-45' in *POLITICAL SCIENCE QUARTERLY* *cit.* p. 264.

<sup>29</sup> KIMBALL, 'Lend-Lease and the Open Door...' pp. 250-2 ALLEN, *op. cit.* pp. 823-4 GARDNER, *op. cit.* pp. 42-53.

<sup>30</sup> Memo from Stettinius to Hull, quoted in KIMBALL *op. cit.* pp. 251-2 *vide* also *fn.* 46.

in London suggested;

'... there would probably be no better time to press the issue (of trade liberalization).'<sup>31</sup>

The Department of State's chief of Commercial Treaties directed;

'Our objective should be to use the lend-lease agreement to obtain commitments of real value to us.'

He then proceeded to advise mutual dismantlement of bilateral trade systems, and the abolishment of the Ottawa Agreement by the British.<sup>32</sup> To convince the American people and Congress that Lend-Lease aid would not be used to compete with the United States in export markets, Britain even issued a White Paper in September 1941, confirming good faith.<sup>33</sup> However, British 'balking' at the wording of the American draft of the Master Lend-Lease agreement, produced no substantive concessions, and whilst Britain was directed to dispense with all discriminatory trade practices, 'the State Departments merely genuflected toward.../tariff reduction, certain that Congress would have the last say.'<sup>34</sup>

Nothing in the letter and intent of the Lend-Lease Act suggests even a mild ideological caveat. There is the broadest scope for pragmatism in Presidential decisions to supply foreign countries 'in the interests of national defense (and welfare)'. Perhaps the most significant measure of this pragmatism was evidenced in the decision to help Russia, following the German invasion in June 1941. On August 2, the State Department informed the Russian Ambassador that the United States government had 'decided to give all economic assistance ... (to) strengthen (...) the Soviet Union' against Nazi aggression.<sup>35</sup> An 'afterthought' attempt in Congress on October 7, 1941 to amend the Lend-Lease Act to 'prohibit the use

<sup>31</sup> KIMBALL, 'Lend-Lease and the Open Door...' pp.252 John Winant to Secretary of State Sept. 30/1941.

<sup>32</sup> Hawkins to Dean Acheson Oct. 10/1941, quoted in KIMBALL 'Lend-Lease and...' p.252.

NOTE: The Imperial Preference system set up under the 1932 Ottawa Agreement gave Britain a stronger position in Commonwealth markets. In return, Britain accepted a larger volume of exports from Commonwealth countries. Vide P. BAGNELL & G. MINGAY Britain and America 1850-1939, A Study of Economic Change (London 1970) p.296.

<sup>33</sup> KIMBALL, 'Lend-Lease and...' pp.250-2 ALLEN, op. cit. p.812.

<sup>34</sup> KIMBALL, 'Lend-Lease and...' pp.253-4.

<sup>35</sup> ROOSEVELT'S FOREIGN POLICY cit. pp.448-9.



of ... it's funds for loans to the Soviet Union' was clearly defeated.<sup>36</sup> Reinvoking the more remote past, in 1911 Theodore Roosevelt put the spirit of American foreign policy very succinctly when he observed;

'If Great Britain failed ... the United States would have to step in ... to re-establish the balance of power in Europe, never mind against (or in favour of) which country, or group of countries, our efforts may have to be directed ... In fact, we are ourselves becoming, owing to our strength and geographical situation, more and more the balance of power of the whole globe.'<sup>37</sup>

One might add that America's external performance, at least since the late thirties, has followed this adage rather closely. Clearly, a rational belief in or adherence to 'basic goals', requires an attention to certain prerequisites such as the prevention of hegemony by maintaining a 'balance of power' in all international relationships. Certainly nothing which we have looked at thus far, and which we shall consider later, suggests that the United States has diverged from concerning itself with achieving the prerequisites which will protect and guarantee its 'basic goals'. To suggest with Herring,<sup>38</sup> that the manifestation of concern for post-war economic issues merely reflects the antics of an Administration, contending with the vagaries of a legislative branch 'recovering' slowly from isolationism under persistent constituent pressures, is simply to state the obvious technicalities and miss completely the execution of the overall purposes of American foreign policy. To disagree with the focus of Herring et. al. is not to ignore the picture which emerges from this critical period, of professional politicians, whose better informed perceptions of the prerequisites necessary, necessitate their manipulation of the political mechanisms to arrive at the mutually desired 'basic goals'. But men such as President Roosevelt, were clearly more than able politicians, in attempting to forestall aggression in Europe, and ultimately undertaking to ensure the maintenance of a 'balance of force' to prevent hegemony. Their action in this direction must also flow from sources other than pedestrian politics.

With Roosevelt's death in April 1945, and the coming of the Tru-

<sup>36</sup> WESTERFIELD, H. FOREIGN POLICY AND PARTY POLITICS: PEARL HARBOR TO KORMA ( New Haven 1955).

<sup>37</sup> Quoted in ALLEN op. cit. p. 688.

<sup>38</sup> HERRING, op. cit. p. 261.

man administration, it has been suggested that United States foreign policy changes direction. The neophyte President shows greater susceptibility to Congressional pressures, and cancels the Lend-Lease programme. Congress was growing wary that Lend-Lease might be used to commit the United States to a post-war policy in a manner contrary to 'established constitutional procedure', probably because the administration of the Act had been considered 'wasteful'.<sup>39</sup> Truman's concern to keep 'faith' with Congress is as much a matter of expediency as of conviction. Perhaps not to his credit, the President was overly impressed with power dimensions implicit in exclusive nuclear capabilities. However, there are indications that this reaction was not lasting. Certainly the Truman Doctrine and the Marshall Plan demonstrated an awareness and concern, 'that the existing (disastrous) economic situation in Europe endangered the general welfare and national interest of the 'United States.'<sup>40</sup> The magnitude of the European economic crisis can be gauged from the situation of Britain. Estimates in 1944 showed that British post-war debts would bring her an annual deficit of one billion Sterling during the first three post-war years.<sup>41</sup> But in the light of Congressional opinion, a British request in the summer of 1944, for an extension of Lend-Lease 'to facilitate . . . recovery' of exports, found no support in America.<sup>42</sup> In fact Roosevelt's Administration held out little hope of convincing Congress at the time, to undertake even a 'modest' foreign aid programme.<sup>43</sup> Softening on his commitment for Phase II of Lend-Lease, under which Britain would have received \$2.8 billion in munitions and \$2.6 billion in non-munitions, Roosevelt stressed the rationale of domestic political pressures.<sup>44</sup> In fact by March 1945, Congress was fully determined to put the economic 'screws' on the Executive Branch and hold it to 'strict accountability for its acts'.<sup>45</sup> Diffident of Roosevelt's undertaking to end Lend-Lease when hostilities ended, Congress legislated, in March, a circumscribed in-

<sup>39</sup> YOUNG, R. CONGRESSIONAL POLITICS IN THE SECOND WORLD WAR (New York 1956) pp. 180-4.

<sup>40</sup> Quoted in VAN DER BEUGEL, E., FROM MARSHALL AID TO ATLANTIC PARTNERSHIP (Amsterdam 1966) p. 117, 1947, Administration's First Draft of Foreign Assistance Act (1948).

<sup>41</sup> HERRING, *op. cit.* p. 261.

<sup>42</sup> HERRING, *ibid.* p. 263.

<sup>43</sup> HERRING, *ibid.* p. 264.

<sup>44</sup> HERRING, *ibid.* p. 269.

<sup>45</sup> HERRING, *ibid.* p. 271.

terpretation of Lend-Lease which required 'that any supplies after the war ended or that did not contribute directly to operations must be paid for in cash.'<sup>46</sup> Truman, in acting consonantly with Congress, reflected a concern for broader implications of a resurgence of isolationism,<sup>47</sup> with attendant repercussions upon world peace and prosperity (not excluding the United States).

Before the Yalta Conference, in February 1945 a State Department position paper stated;

'It now seems clear that the Soviet Union will exert predominant political influence over (certain) areas in question. While this Government probably would not want to oppose such a (pro-Russian) political configuration, neither would it desire to see American influence in this part of the world nullified'.<sup>48</sup>

Although presaging the Cold War and Containment, this is also a restatement of United States desire to maintain a 'balance of power' whilst accepting the principle of spheres of influence. Despite the obvious political-ideological cleavage, international cooperation still underlies all policy. Truman's 'message to the nation' in January 1947, in fact emphasized that the fundamental interests of the Soviet Union and the United States depended on world order, without which the process of reconstruction was seriously handicapped.<sup>49</sup> It was Kennan, U.S. Charges d'Affaires in Moscow, who, anticipating Churchill's famous 'iron curtain' speech, articulated the rationale for the imminent American policy of containment. In a communication to the Department of State he analyzed the fundamentals of Russian ambitions, and warned;

'... no one should underrate the importance of the Marxist doctrine in practical Russian policy ... This political force has complete power of disposition over the energies of one of the world's greatest peoples and the resources of the world's richest national territory .../.../It is seemingly inaccessible to considerations of reality ... For it, the vast fund of objective fact about human society is not ... the measure against which outlook is constantly ... tested and reformed, but a great grab bag from which individual items are selected arbitrarily and tendentiously to bolster an outlook already precon-

<sup>46</sup> HERRING, *ibid.* pp. 271-2.

<sup>47</sup> HERRING, *ibid.* p. 273.

<sup>48</sup> VAN DER BEUGEL, *op. cit.* p. 15.

<sup>49</sup> USDOS Bulletin V. xvi January 19, 1947.

ceived.<sup>50</sup>

Elsewhere he decries Soviet expansionary proclivities as;

'... a fluid stream which moves constantly, WHEREVER IT IS PERMITTED TO MOVE ...'<sup>51</sup>

From such a subjective scenario there emerged the Truman Doctrine, promising to support 'free peoples who are resisting attempted subjugation by armed minorities or by OUTSIDE PRESSURES'.<sup>52</sup>

Assistant Secretary of State for Economic Affairs, Clayton, hit the heart of the matter in a memorandum issued in January 1947, following a visit to Europe, in which he observed;

'The reins of leadership are slipping from Britain's hands. They will be picked up by the United States or by Russia. If by Russia, then the BALANCE OF WORLD POWER will turn against America ...'<sup>53</sup>

In the light of such a leitmotif, one can better appreciate the hegemonic apprehensions implicit in a statement by Secretary of State Marshall in June, to the effect that;

'... Europe's requirements ... are so much greater than ... her ability to pay that she must have substantial (U.S.) ... help, or face economic social and political deterioration ... the consequences (of which)/.../to the economy of the United States should be apparent to all ...'<sup>54</sup>

Like Clayton had done earlier in the year, Marshall proceeded to advocate that the best way to meet this European economic challenge of global implications, was to undertake a massive assistance programme.

The record of the Truman years shows that the warning was well heeded. From the Truman Doctrine through the European Recovery Programme of the Marshall Plan, the evidence is clearly suggestive that United States foreign policy in containing Soviet expansion towards hegemony, was a product of 'basic' concerns for world economic recovery, without which liberalization of trade remained an academic concept. In May 1947, Secretary of State Acheson ob-

<sup>50</sup> Quoted in ALLEN op. cit. p. 894.

<sup>51</sup> Quoted in ALLEN *ibid.*.. from Q. Rovere & A. Schlesinger 'The General and the President and the Future of American Foreign Policy (New York 1951) p. 235, emphasis added.

<sup>52</sup> Quoted in ALLEN *ibid.* p. 896, emphasis added.

<sup>53</sup> Excerpted from a 'summary' in GARDNER op. cit. p. 300.

<sup>54</sup> Quoted in ALLEN op. cit. p. 897.

served that;

'It is generally agreed that until the various countries of the world ... become self-supporting there can be no political or economic stability in the world and no lasting peace or prosperity for any of us.'<sup>55</sup>

The language, and probably the intent, is certainly reminiscent of Hullean convictions which equated prosperity and peace as the products of political stability and rational economic policies in a healthy economy.

To answer the question whether American policy really took the long view, and prepared for a world of healthy national economies where liberal trading practices prevailed, one can consider United States efforts in the projected International Trade Organization. At the I.T.O. discussions in Geneva, as elsewhere, the American policy was unequivocal in intent – 'to wreck beyond hope of repair' the British Imperial Preference system, and to block the emergence of any other type of discriminatory trading practice.<sup>56</sup> Clearly, there is little validity in offering political tactics as substitutes for 'basic goal' manoeuvres, which one can submit remained consistent.

In the light of the work of the Truman Administration, in the area of economic aid, the efforts towards European integration symbolized in attempts to set up the European Defence Community, and the policy of containing Soviet expansion (most notably in Berlin and Korea), the Eisenhower-Dulles are brought no departure from the 'basic goals' perspective, and little if any change in tactics. Reacting to the rejection of the European Defence Community Treaty, and pressing for ultimate European cooperation, Dulles issued a joint communique with the German Federal Chancellor from Bonn in September 1954, which read;

'... there was complete agreement that European integration was so vital to peace and security that efforts to achieve it should be resolutely pursued and ... not ... abandoned because of a single setback.'<sup>57</sup>

Two days earlier, Dulles had already informed Anthony Eden that;

'... it was immaterial ... (which system) ... was better or

<sup>55</sup> Quoted in GARDNER *op. cit.* p. 301, from USDOS Bulletin xvi (1947) p. 992.

<sup>56</sup> Vide GARDNER *ibid.* p. 349.

<sup>57</sup> Quoted in Van Der Beugel *op. cit.* p. 307.

worse than EDC ... as the means of uniting Europe ... (to stand (...)) on its own feet without American help ...'<sup>58</sup>

Explicit in these statements is the American view that strategic concerns for the emancipation of Europe have decidedly broader economic purposes. One can hardly escape the inference that the political and economic soundness of Europe are indivisible in United States perspectives, and this climate in Europe (as globally) is most desirable for American peace and prosperity.

President Kennedy's concept of partnership with the economically and politically sound Western Europe, was a natural corollary to prior American concerns for some form of European 'unity'. In January 1962, Kennedy proposed legislation to Congress;

'... to welcome a single partner (E.E.C.) ... no longer divided and dependent ... to share with us the responsibilities and initiatives of a free world ... TO FURTHER SHIFT THE WORLD BALANCE OF POWER TO THE SIDE OF FREEDOM (AND FREE TRADE) ...'<sup>59</sup>

This Trade Expansion Act passed both House and Senate by very decisive bipartisan majorities.<sup>60</sup> Perhaps the President was premature in his design, since Europe did not yet include Britain. Britain's accession to the Community was taken into account in Kennedy's emphasis of the point of a collaboration of equals, guaranteeing strong relationships, and sharing 'the great ... tasks of building and defending a community of free nations.'<sup>61</sup> Clearly, the 'sine qua non' of this 'grand design' never did materialize. DeGaulle not only blocked Britain's entry into the Common Market, but consistently refused even to 'genuflect' to the notion of European political union.<sup>62</sup> Perhaps the French President did not share Kennedy's vision of an Atlantic partnership underpinned by two equal economic, political, military 'pillars', even if France formed the 'capitellum' on one. It is conceivable also that President Kennedy was looking for an affluent partner to subsidize American global defense commitments,<sup>63</sup> which DeGaulle probably perceived clearly were ancillary to American 'basic goals' rather than condi-

<sup>58</sup> Quoted in Van Der Beugel op. cit. p. 308.

<sup>59</sup> Quoted in Van Der BEUGEL *ibid.* p. 371, emphasis added.

<sup>60</sup> VAN DER BEUGEL, *ibid.* p. 372; House 298 to 125, Senate 78 to 8.

<sup>61</sup> VAN DER BEUGEL, *ibid.* pp. 373-4.

<sup>62</sup> VAN DER BEUGEL, *ibid.* pp. 376-85.

<sup>63</sup> Vide, B. COHEN 'U.S. Foreign Economic Policy' in *ORBIS* v. XV Spring 1971 pp. 232-46.

tioned by the views and needs of foreign 'friendly' states.

Kennedy's prescriptions for the 'Free World' were not strikingly successful. The Kennedy Round negotiations did substantially lower tariff barriers on trade, but they did not stem the inward orientation of the E.E.C. (or Japan), nor the expanding parameters of preferential trading arrangements of the Economic Community, so that the 1970s witnessed America's economic and political protégés blossoming into economic giants 'effectively challeng(ing) American leadership in world economic affairs.'<sup>64</sup> Cohen suggests that the United States, when playing the role of 'central banker for the world', was less than discrete in adopting a balance of payments policy based upon its own priorities, and in consequence the dollar 'glut' of the late 1950s developed into the 1968 'run on the bank' to trade dollars for gold, which culminated in the decontrol of the private gold market.<sup>65</sup> This 'denouement' put the United States in a paradoxical position, unable to trade gold for dollars it was allowed to maintain its world central bank role, but only because there was no 'dumping' of the dollar, with the corollary that new American foreign endeavours cannot with economic safety counter the expectations of supporting economies.<sup>66</sup> The emerging reality is a militarily powerful United States, whose economic vulnerability greatly circumscribes its freedom of action.

In this perspective the Nixon-Kissinger demarche (sic), not only loses its élan, but emerged as the classical crusade for the 'basic goals' of peace and 'unhampered trade' by way of the preordained (under the economic realities) and not unknown tactic of expanding the circle of friendship, to cultivate alternative markets and guard against a hegemony (of whatever nature) that threatened the fundamental aspirations of America. The fact that the Nixon-Kissinger team was 'pioneering' an opening to the East, was in no small measure due to the fact that America's 'supporting economies' had, for some years at least, adhered to a similar attitude as the best means of relaxing world tensions. In this light, Nixonian reiterations of faith to pre-existing treaty commitments must be considered as so much recorded thunder. Wood puts it succinctly in the following passage;

'The Military Assistance Program, since its inception (with Lend-Lease and more specifically with the 1947 \$400 million

<sup>64</sup> COHEN, *ibid.* pp. 237-8.

<sup>65</sup> COHEN, *ibid.* pp. 235, 244.

<sup>66</sup> COHEN, *ibid.* p. 245.

appropriation in aid of Greece and Turkey, has been supported by every American President. (But) Congress has not changed the statutory MAP mission with its emphasis on promoting "the ... security and general welfare of the United States"<sup>67</sup>.

What is perhaps surprising, is that the extent of the opposition to American policies in Vietnam did not bring the freedom of Executive action to its nadir.

The basic thread that runs through the variegated fabric of United States foreign policy is one of concern for a prosperous peace, at least for the period examined. The elements of this concern were the ensuring of non-discriminatory trade practices by foreign states, and the prevention of development of a foreign hegemony containing proclivities to set up restrictive trade practices. Never are the domestic and external political tactics abstruse enough for one to lose sight of the purpose to which they are ancillary. United States dislike of the British restrictive trade system was, if anything, more frequently and clearly articulated than the apprehension of the implications of an Axis victory for American peace and prosperity. As Soviet hegemonic designs became more evident in the American mind, wartime assistance and cooperation against potential restrictions of Nazi hegemony deteriorated into a policy of hostile containment. The vigour with which ALL restrictive trade systems were opposed by the United States in the various international discussions (ITO, GATT) during a time when ideological (sic) confrontation was institutionalized in the Cold War, presaged the 'Ostpolitik' American Style, and gives Cordell Hull's observation the validation of an adage. Some remarks by Nixon's Secretary of the Treasury Connally take in the contemporary scenario as seen through the eyes of a United States policy-maker;

'... the essential underpinnings of (the post-war world) ... (are) gone ... The developments of (recent years) ... (indicated) that the industrial nations were hurtling toward a time of tension and (economic) paralysis ... Under such a climate ... works of peace and accord between ... East and West ... (and) liberality in trading relations between industrial nations (are almost impossible). Such a climate ... give(s) impetus to protectionism, parochialism, and the ultimate folly of economic isolationism ... In these times, as much as in all times past, traders are destined to succeed, where soldiers and dip-

<sup>67</sup> WOOD, R. 'Military Assistance and the Nixon Doctrine' in ORBIS cit.



diplomats<sup>68</sup> could not ... at weaving the countries and continents ... into one world ... (T)he commitment of the United States to ... liberal trade ... is UNCHANGED and UNCHANGEABLE ...'<sup>69</sup>

Flanked by two economically equal 'giants' – Europe and Japan, both controlling and questioning American economic leadership, the United States best remaining 'bargaining counter' was her military power born of past and potential economic might. The Nixon-Kissinger programme seemed to be wanting to prevent the development of a Japan-Europe economic 'axis', the hegemony of which has demonstrated the ability and proclivity to 'choke' most opportunities for American initiative. By extending the cooperative horizons of the United States, the Nixon-Kissinger team demonstrated distinctly traditional pragmatic American approaches in coming to grips with basic economic concerns. Conceivably also, what was being attempted was a balancing of economic power, by giving prominence to the inherent wealth of numerical size and military capability, which neither Europe nor Japan dispose of, in unity or equal measure.

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<sup>68</sup> This possibly excludes 'trade' diplomacy.

<sup>69</sup> Vide 'Remarks by Treasury Secretary John B. Connally' USIS Text March 15, 1972, especially para. 3 p. 5.

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