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Atoms, Pounds and Poor Relations: The Illusion of an Anglo-American Special Relationship, 1941-1946

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ATOMS, POUNDS AND POOR RELATIONS:
THE ILLUSION OF AN ANGLO-AMERICAN SPECIAL RELATIONSHIP
1941-1946

A Thesis
Presented to
The Faculty of the Department of History
The College of William and Mary in Virginia

In Partial Fulfillment
Of the Requirements for the Degree of
Master of Arts

by
Edward J. Gustafson
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APPROVAL SHEET

This thesis is submitted in partial fulfillment of
the requirements for the degree of

Master of Arts

Edward James Gustafson

Approved, December 2000

Edward Crapol

Kimberley Phillips

Gilbert McArthur
To Mom and Dad
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ABSTRACT

During the course of the Second World War, the United States and the United Kingdom established a close working relationship on a number of official and unofficial levels. Politicians and academics in both countries have described this closeness as a "special relationship". The purpose of this study is to determine whether or not this closeness survived the war and whether the Anglo-American relationship was truly special.

To ascertain the answer to these questions two facets of the Anglo-American relationship were examined. The first investigates the Anglo-American nuclear relationship from 1939 to 1946. The second investigates the Anglo-American economic relationship from 1939 to 1946.

In the sphere of nuclear relations, both the United States and the United Kingdom contributed in scientifically significant ways to the construction of the first atomic bomb. Both countries were partners in the Manhattan Project. The United Kingdom was the first to do significant scientific research on the atomic bomb and was an extremely important supplier of fissionable matter. The United States contributed the bulk of material and technological work to the project.

In the sphere of economic relations the United States and the United Kingdom began collaboration even before the American entry into the Second World War. A system of "Lend-Lease" flooded the United Kingdom with money and materials. Later both sides agreed to a sweeping new vision of post-war economic order at the Bretton Woods Conference.

It is suggested by this study that the Anglo-American wartime closeness was an illusion. While high-level wartime agreements and assurances gave the impression that postwar collaboration was very likely, in the aftermath of the war the United States and the United Kingdom lost the very unity of interests that made wartime collaboration possible.

Primary and secondary evidence suggests that the Anglo-American relationship was not a "special" one, but a contentious relationship in which the interests of each side contradicted the other.
ATOMS, POUNDS AND POOR RELATIONS

THE ILLUSION OF AN ANGLO-AMERICAN SPECIAL RELATIONSHIP

1941-1946
Britain has no permanent friends, only permanent interests. - Lord Palmerston

Would a special relationship between the United States and the British Commonwealth be inconsistent with our overriding loyalties to a world organization?

- Winston Churchill

A short time after Pearl Harbor, Winston Churchill traveled to the United States, and stayed at the White House. Franklin Roosevelt, seeking to consult with Churchill, was wheeled into his guest’s bedroom. At that moment, Churchill emerged from his bathroom, wet and completely naked. Obviously embarrassed, Roosevelt prepared to leave. Churchill, however, waved him back, and declared “The Prime Minister of Great Britain has nothing to conceal from the President of the United States.”

There is some question as to whether or not this actually occurred. Nonetheless the story illustrated the profound change in the historical relationship between the United States and Great Britain in the 1940’s. Previously, this relationship had been marked by war, hostile diplomacy and even more hostile public opinion. For most of the nineteenth century, Anglophobia was rampant in the United States. British expansion, both

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2 Ibid., p.1.
commercial and territorial, was thought to be the greatest threat to American security, and the legacy of two wars did nothing to engender American trust. On the other hand, British leaders such as George Canning and Lord Palmerston opposed what they saw as the greedy expansion of an unstable, moralizing and often hypocritical United States.

There was reconciliation in the late nineteenth century, but scholarly debate ensued over how early and how heartfelt that reconciliation was. Historian Bradford Perkins in *The Great Rapprochement* argued that reconciliation between the United States and Great Britain was both earnest and widespread by the early twentieth century. Edward Crapol in “From Anglophobia to Fragile Rapprochement: Anglo-American Relations in the Early Twentieth Century,” from *Confrontation and Cooperation: Germany and the United States in the Era of World War I*, argued the opposite. Crapol maintained that this reconciliation was neither earnest nor widespread, but instead was quite fragile. This revisionist view of the Anglo-American partnership saw the alliance of the First and Second World Wars as being built on a foundation of sand, not stone.

The Anglo-American relationship in the twentieth century has been the basis of much scrutiny. The decline of the British Empire and the corresponding rise of the United States in terms of military and economic power has provided scholars with an interesting contrast.

The leap between a hostile relationship in which Neville Chamberlain consistently turned down an American role in negotiating with Germany, to one in which the Prime

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Minister could declare that he had nothing to hide from the President occurred astonishingly fast. Was this new partnership in the twentieth century based on firm footing, or merely a marriage of convenience?

Churchill coined the term “special relationship” in his famous Fulton, Missouri, address. A quick perusal of historical literature pertaining to Anglo-American relations since that time would find innumerable references to this term. The intrinsic problem with the term “special relationship,” however, is that it is a slippery term. A large reason is its inherent ambiguity: special in relation to what? In the 1940’s, this ambiguity did not stop the diplomats and the academics from describing the relationship as such. Perhaps more disconcerting was the non-exclusivity of the term. Historian David Reynolds noted that academics have used the term “special relationship” to describe the United States’ relations with several countries including Israel, Brazil, West Germany and pre-communist China.

The wartime partnership between the United States and Britain involved troops fighting together, scientists researching together, and leaders planning together. A cogent

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definition of a "special relationship" was difficult, due to the above-mentioned ambiguity. However ambiguous the term, an attempt must be made to define the term "special relationship." The simplest way to define the "special relationship" was as a bilateral relationship, unique in both the quality and quantity of its diplomatic, cultural and economic ties. Bruce Russett saw a special relationship as originating in the wartime identity of interests. These mutual interests allegedly created a "We-feeling." A true "special relationship" would enable "trust, mutual consideration and the ability to treat the other's requests sympathetically."

This description may have been as exact as any possible. Anglo-American relations during the Second World War were as close or closer than any other bilateral relationship either country enjoyed during that time frame. All of Russett's conditions were eminently applicable to the Anglo-American relationship during the Second World War. Trust, mutual consideration and the ability to treat each other's requests sympathetically were seemingly a part of the Anglo-American relationship. Thus, approximate continuation of wartime cooperation into the post war world would indicate a truly special relationship, independent of wartime expediency.

That said, the purpose of this study is not to determine the existence, duration, and maintenance of this special relationship throughout the twentieth century. Rather, the

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7 Bruce Russett, *Community And Contention: Britain And America In The Twentieth Century*, (Cambridge, MA: MIT Press, 1963) p. 27.
8 Some authors have attempted to produce a more informal take on the "special relationship." Nicholas John Cull in *Selling War* describes the role that reporters, television and newspapers had in the formation of the "we-feeling" and a "special relationship." For a longer range view of the Anglo-American relationship consult Christopher Hitchen's *Blood, Class And Nostalgia*, as well as David Reynolds and David Dimbleby's *An Ocean Apart*. Both books stress class and cultural connections as much as political relations. Such a centuries-long survey is beyond the scope of this study. None of these books, with the possible exception of *An Ocean Apart*, satisfactorily defines "special relationship." Nicholas John Cull, *Selling War: The British Propaganda Campaign Against American "Neutrality" In World War II*, (Oxford: Oxford Press, 1995) Christopher Hitchens, *Blood, Class And Nostalgia*, (New York: Farrar, Straus and Giroux, 1990); David Reynolds and David Dimbleby, *An Ocean Apart: The Relationship between Britain And America In The Twentieth Century* (New York: Random House, 1988)
purpose of this study is to ask the following questions: did Anglo-American closeness survive the war? Was the relationship truly special? This study will show through the selective use of primary and secondary documents that this chimera of a special relationship was the result of wartime expediency. In the near political vacuum of the immediate post-war world, the United States and Great Britain turned away, not toward each other.

The story of the Anglo-American relationship during the Second World War was not one of equals. It was obvious and accepted in virtually every quarter of Great Britain that the United States was the dominant partner. However, the true picture of Britain’s political impotence remained shrouded in denial. Many in Britain preferred to see the United Kingdom as possessing something intangible and irreplaceable, something that would be invaluable to the United States: the seeming ingrained intelligence and experience that came from running an empire. Harold Macmillan succinctly summed up this philosophy in a 1943 analogy. “We... are Greeks in this American Empire. “You will find Americans much as the Greeks found the Romans- great big, vulgar, bustling people, more vigorous than we are and also more idle, with more unspoiled virtues but also more corrupt. We must run [the partnership] as the Greek slaves ran the operations of the Emperor Claudius.”9 British leaders found to their dismay, however that the United States had no use for those kinds of intangibles. The British found that Americans

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neither particularly thought of themselves as the reincarnation of the British Colonial Empire, nor needed the expertise that came from running such an endeavor.

The other side of the common British post-war philosophy was that the United States owed Britain a debt of gratitude for the effort of holding off Germany from 1939-1941, virtually alone. Even when the United States entered the war, Britain still bore the brunt of Western combat. In 1942 and 1943, the number of British divisions encountering the enemy was 50% higher than the American divisions. While the United States experienced a booming economy, Britain was being bombed and starved to the brink. In addition to the expected gratitude, Britain hoped to parlay this sacrifice into close post-war cooperation and aid. Again, British leaders misjudged the United States. After putting twelve million men in uniform and sending billions of dollars of aid to its allies, American leaders were not inclined to see themselves in debt to Great Britain.

The previous one hundred years had witnessed the relative decline of Britain versus the absolute rise of the United States. In 1860, Great Britain produced 19.9% of the world’s manufactured goods versus the United States’ 7.2%. By 1928, while Great Britain’s Gross Domestic Product had increased ten-fold, its share of the world’s manufactured goods had dropped to 9.9%, while the share produced by the United States shot up to 39.3%. During the Second World War however, as Britain figuratively broke up the furniture and threw it on the fire, the United States experienced an incredible boom. This resulted in the absolute rise of the American economy and the absolute

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decline of the British economy. It was later noted by Sir Alexander Cadogan, the Foreign Office permanent Undersecretary, that the longer the war wore on, the more the Big Three looked like the Big Two and a Half.\textsuperscript{12} Great Britain was "Lepidus in the Triumvirate with Marc Anthony and Augustus."\textsuperscript{13} This problem of rapid decline versus rapid ascension created a very real tension throughout the war, which was felt the most in the realm of post-war planning. How could two countries plan effectively for the post-war world when the positions that they found themselves in changed so rapidly?

However, the greatest barrier to a close post-war Anglo-American special relationship was the miscommunication that emanated from the top echelon of policy makers, and indirectly, from the relationship between Winston Churchill and Franklin Roosevelt.

The perceptual basis of a close Anglo-American relationship was the personal relationship between Winston Churchill and Franklin Roosevelt. Warren Kimball has pointed out that if a search committee had chosen wartime leadership, Roosevelt and Churchill’s applications would quickly have been slipped into a stack marked "Routine Rejection." Neither seemed to be eminently qualified to fight a war, let alone win one. However, the common perception was that after Britain survived the Battle of Britain, and after the United States was bombed at Pearl Harbor, both leaders linked arms and gloriously and inevitably led the alliance to victory. This fable masked the tension that worked on the Anglo-American relationship throughout the war. This tension was


\textsuperscript{13} Reynolds, \textit{An Ocean Apart}, p. 183.
submerged, put off and papered over throughout the war, only to finally explode in a cloud of recrimination at the end. ¹⁴

It is true that Roosevelt and Churchill had a closer relationship than any President and Prime Minister ever did. This close relationship, however, had a disadvantage in post-war planning. Instead of relying on subordinates to hammer out defined and absolute plans and policy, the two leaders often made policy informally. Rather than going through official channels with a problem, Churchill often went directly to Roosevelt. The problem with this approach in the realm of post-war planning was that Roosevelt did not enjoy post-war planning in the least. Roosevelt had a rather mercurial personality, given to promising differing advocates of an issue different things. He was often given to making vague, broad promises about the post-war world. Sometimes this caused Churchill and the British to read things into American promises that were not quite there. Sometimes these promises were executive agreements, such as Roosevelt and Churchill’s 1943 agreements at the Quebec Conference to continue Anglo-American nuclear cooperation after the war. At other times they were oral promises by Roosevelt to Churchill, such as Roosevelt’s promise to make $6.5 billion of Lend-Lease Phase II aid available to the British. In either case, the death of Roosevelt and the replacement of Churchill at the end of the war left their successors with confusing, uncertain and often contradictory plans. Similarly, Cabinet and bureaucratic level underlings were often left without direction or with their own agendas. If a relationship is based on uncertainties, assumptions and non-binding promises, is it special… and can it survive?

The two most important areas of Anglo-American post-war planning were in the realms of nuclear planning and economics. On both these issues, hung the future power of the United States and the future survival of Great Britain. As the two most important issues in the Anglo-American relationship, the quality and quantity of nuclear and economic relations should be the determining factor as to whether the "special relationship" actually existed in the immediate post-war world. During the war, there was an extraordinary level of cooperation and exchange. A lack of "trust, mutual consideration and the ability to treat the other's requests sympathetically" in these two realms of Anglo-American interaction after the war, however indicates that a "special relationship" did not exist in that time period.15

The first chapter of this study looks at the Anglo-American nuclear relationship. The British were the originators of state-sponsored nuclear research. At the beginning of the war, and well into 1942, the British led the United States in research on an atomic bomb. By 1943, the United States had caught up and passed the British in research. At this point Roosevelt and Churchill made a series of executive agreements that merged the projects, and seemed to open the way for continued cooperation after the war. The apparent cooperation between the Roosevelt and Churchill, however, masked dissention in the opinions of their deputies and underlings. When both leaders left the scene, these executive agreements would be called into question by their successors.

By the end of the war, questions about whether or not the United States would stay in Europe after the war led many British leaders, most prominently Churchill, to see the

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atomic bomb as the only way to protect British interests and maintain its status as a major world player.

In the United States, the death of Roosevelt in April 1945, led to the ascension of Harry Truman, who had no clearly formed opinion on the future of nuclear energy. For this, the new president looked to his advisors for answers. Persons inside and outside the cabinet, who wanted to keep the atomic bomb an American monopoly, largely influenced Harry Truman. Individuals who advocated the internationalizing of the atomic bomb led the opposition to this group of advisers. Neither group advocated a nuclear partnership with Great Britain, or if aware of Roosevelt and Churchill’s wartime agreements, thought themselves in any way bound by them.

Churchill’s successor, Clement Attlee, who became the Prime Minister in July, 1945, lacked Churchill’s single-minded commitment to a close Anglo-American partnership. Attlee and his advisors incongruously tried to have their cake and eat it too, by striving for multi-national control of the bomb, while still trying to get the Americans to honor Roosevelt and Churchill’s agreements of a close bilateral sharing of information after the war. The ultimate result of this divergence of interests was the complete freezing out of Great Britain from post-war nuclear research. This led to the launching of Great Britain’s own project and the accusations by both sides of untrustworthiness.

The second chapter of this study examines the economic relationship between the United States and Great Britain. During the war, Great Britain was unquestionably in the fight of its life. In defeating the Nazis, Britain spent a full quarter of its national wealth, and was in debt for nearly as much. Its horrible balance of payments ensured financial ruin unless steps were taken to shore up the economy. Throughout the war, Britain
leaned heavily on the United States for aid, mainly through Lend-Lease which eventually added up to a $20 billion unpaid receipt. Many American officials and diplomats were eager to use this leverage to pry open Britain’s closed trading bloc, the Imperial Preference System. It was thought by many that, only a post-war world with liberalized trade and open markets for American goods would prevent the United States from sliding into depression. During the war Roosevelt was characteristically eager to aid the British, and uneager to worry about post-war plans. In this frame of mind Roosevelt prevented the State and Treasury Departments from placing concrete clauses in the Atlantic Charter and the Lend-Lease agreement that would eliminate the preference system. Roosevelt also fueled British hopes for extended American aid by seemingly agreeing to help Britain reconstruct itself and promising aid that in reality only Congress could approve. By the end of the war, the American lifeline of aid was taken for granted by Britain. This would throw Britain into panic once Truman, either not knowing or not caring about Roosevelt’s informal promises, and as required by the Lend-Lease legislation, severed the Lend-Lease link. After obtaining a conference on lend-lease and future aid, the British were confident that they could easily obtain a large grant-in-aid for rebuilding. In the resulting negotiations, the Americans, to the surprise of the British, played hardball diplomacy in regards to post-war aid; demanding British trade concessions, refusing grants in aid and demanding that any future aid should come in the form of interest-bearing loans. Truman and his advisors were determined to create a liberal post-war economic framework with the United States as the hegemonic power. A preferential

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partnership with Britain did not figure into the equation. Even though the final aid terms were far from onerous, for a British government and people who believed that they had contributed, as much, if not more, towards victory relative to the United States, the terms were an outrage. To many in the United States, Britain’s ungrateful demeanor was a collective slap in the face. There were more recriminations on both sides.

The transition from hostile feelings to close partners during the Second World War was more illusion than reality. Both countries needed longer to digest the rapid pace of events to create a true “special relationship.” An uncertain relationship was papered over by the promises and agreements of Roosevelt and Churchill. Without their steadying hands, American avarice and British blunders led to mutual raw feelings. This being the case, this study shows that contrary to the view of many historians, diplomats and leaders, a “special relationship” did not exist between the United States and Great Britain in the immediate aftermath of the Second World War.
PART I

THE PROBLEM OF ANGLO-AMERICAN NUCLEAR RELATIONS
The response to this greatest of all triumphs of scientific method and creative intelligence had been in some respects closely akin to the practice of magic among the most primitive of tribes. Having in their possession a fearful image of the god of war, which makes them stronger than their enemies, the tribe is obsessed with the fear that the image may be stolen or duplicated and their exclusive right to the Deities favor lost. So a temple is built, ringed around by walls and guarded by untiring sentinels. Those whose function it is to attend the deity are carefully chosen and subjected to purification rights; they are forbidden to ever look upon the whole image or speak of what they have seen. They are guarded with unceasing vigilance and at the slightest sign of defection condign punishment is visited upon them.17

In the course of the Second World War, the United States and Great Britain were perceived to be brothers at arms. With the threat of the two monstrosities of Nazi Germany and Imperial Japan ever present, differences in opinion and inter-allied friction were quieted and placated as best as possible. To many American leaders such as like Franklin Roosevelt, the future of the alliance would work itself out in due course; in the meantime Britain could be pacified, as needed, with vague promises and banalities. To most Britons, especially Winston Churchill, their fate in a post-war world was an ever-present shadow that demanded concrete commitments and assurances.

In many areas, these differing doctrines of inquiry and placation led to large scale confusion and resentment after the war. Nuclear development was a prime example of one of these areas. During the Second World War, both American and British scientists worked on the Manhattan project in the quest for the atomic bomb. Following several agreements and promises, the unprecedented nuclear partnership to all outward appearances seemed destined to outlast the war. This nuclear partnership would seem to have been a clear manifestation of the "special relationship" between the United States and Great Britain. However, within a year of the first use of the atomic bomb on Japan, the British had been completely excluded from American atomic research. Why was atomic energy a main point of contention after the war? The problems in the Anglo-American nuclear relationship were symptomatic of the British proclivity for pursuing a course of bilateral control with the United States, while they put their trust into the informal promises of Franklin Roosevelt. The British government quickly found out that the United States was interested in unilateral hegemony, and would soon neglect their wartime promises. These incompatible elements prevented a "special relationship" in Anglo-American nuclear relations.
Prelude

The foundations of the atomic bomb flow through the history of physics. The first real breakthrough towards the realization of nuclear power came at a Swedish resort in 1938. Lise Meitner, a refugee, Austrian-Jew, with help from her partner Chemist Otto Hahn, theorized that a neutron could split a nucleus. This was fission, the basis of the atomic bomb. In theory, the split of the nucleus would release an enormous amount of energy and an additional neutron. Her work was to influence a great deal of others, including the legendary Danish physicist, and discoverer of the neutron, Niels Bohr.\(^\text{18}\)

In 1939, Bohr reinforced Meitner’s theory by publishing the theory of uranium nuclear fission. In this paper he laid out the foundation of nuclear energy.\(^\text{19}\) Recent work by Enrico Fermi also pointed to similar conclusions. Two refugee scientists living in England, Otto Frisch (who was Meitner’s nephew) and Rudolph Peierls, wrote a memorandum showing how Uranium 235 could react violently to create a quick fission capable of releasing vast amounts of energy. A neutron splitting one atom could release two other neutrons. These neutrons would split two more atoms and so on. This was known as a chain reaction. The cumulative result would be the release of an enormous amount of energy. They specifically pointed out how a five-kilogram “super bomb” could effect the same explosive force as several thousand pounds of dynamite.\(^\text{20}\) This


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memo had a great impact on the British government and quickly led to the forming of the Maud Committee. The committee goal was to research the possibility of an atomic bomb. They ran into one wall right away. Only .7% of uranium ore is the U235 isotope, while 99.3% is the slower reacting U238 isotope. Separating the two seemed an impossible task. This problem was solved when, with the fall of France, two leading French physicists fled to England. These two scientists had developed a method for extracting U235 using uranium oxide and heavy water. With them, they spirited away 50 gallons of heavy water in tin cans. These cans contained most of the world’s supply. This discovery put the British light years ahead in the nuclear race.

To most of the physicists contemplating the creation of a bomb, the most pressing fear was that Germany would obtain the bomb before the Allies. This fear was heightened in 1940, when Germany overran Norway. Norway was home to the only plant in the world then equipped to produce heavy water. The fear was compounded by the fact that the brilliant German physicist Werner Heisenberg had been chosen to head the German nuclear project. For most of the war, the Manhattan Project operated under the assumption that the German project was proceeding at a similar pace. It was not until Allied troops overran German research centers that American and British leaders realized

21 The name MAUD is not an acronym, but a reference to a telegram sent by Lise Meitner. The telegram read “MET NIELS AND MARGRETHE RECENTLY BOTH WELL BUT UNHAPPY ABOUT EVENTS PLEASE INFORM COCKCROFT AND MAUD RAY KENT.” Maud Ray Kent was taken to be an anagram for “radium taken,” a reference to the German nuclear project. It was later that the committee learned Maude Ray was a governess living in Kent who taught Bohr’s sons English. R. Rhodes, The Making Of The Atomic Bomb, (New York: Simon and Schuster, 1986) p. 362.
23 War can lead to many incongruities. Heisenberg’s life was one of them. He had been the star pupil of Niels Bohr, and a close friend to Enrico Fermi. The thought of Heisenberg in charge of the German atomic project inspired terror in the hearts of his former colleagues. Bohr, who was unbeknownst to most, half-Jewish, refused to participate in the German project after Denmark was overrun and later, fled to America.
that Germany had progressed very little since the beginning of the war. It turned out that Hitler, despite his love of “secret weapons,” had never liked the idea of nuclear physics. It seems that he was convinced that such scientific work such as Einstein’s theory of relativity was “Jewish Physics.” It was the fear of the German project that gave the main impetus to build an Allied bomb. The United States and Britain would have different luck with the Soviet Union in that regard.

By 1941, the MAUD Committee was able to show with good certainty that an atomic bomb would work. Meanwhile physicists in the United States had not been idly sitting on their hands. Refugee physicist Leo Szilard immediately saw the potential of a bomb and persuaded Albert Einstein to write his now famous letter to Franklin Roosevelt about it. Roosevelt’s reply to Einstein indicated that he had already set into motion what would become the enormous $2 billion Manhattan project. The United States was still neutral, and the research would not take on its extreme importance for a couple years.

After reading the MAUD report the Americans suddenly became interested in collaboration, and in 1941 they proposed a jointly controlled project with the British. The British treated this proposition condescendingly. At the time, they were confident of their own ability to build a bomb alone, or in concert with Canada. Some distrust of American intentions and of American security contributed to this. The manifested problem was that while the British had a plentiful supply of theoretical physicists, they lacked the engineering expertise and resources of the United States.

Fermi had to flee Italy, to the United States, because of fear for the safety of his Jewish wife. Still, Heisenberg was somehow able to rationalize his work for Nazi Germany.

How would the war partnership have been if the British had accepted an American partnership in 1941? It is impossible to know, although several British historians have implied that the British could have arranged a more or less equal basis if they had jumped on “the bus.” American historians tend to dismiss this view as overly optimistic. While the British were reasonably forthright about sharing their theoretical research with American scientists, American research was top secret. It was almost certainly clear to Vannevar Bush: the director of the Office of Scientific Research that the Americans would certainly be able to catch up with whatever theoretical progression the British had made, relatively quickly. Bush had a good reason to think that. In fact, a great bulk of the theoretical work on nuclear fission could be read in numerous scientific journals. Until the Manhattan project got under full swing, scientists had continued to publish their work. Also, American production potential severely outdistanced Britain. Moreover, the United States would inevitably have taken on the superior burden of production and demanded the superior return. There is no reason to believe that a partnership in 1941 would not have produced the same results as the future partnership did in 1943.

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26 Margaret Gowing, the official historian of Great Britain’s atomic project is the most prominent of these. M. Gowing, *Independence And Deterrence: Britain And Atomic Energy, 1945-1952* (London: St Martin's Press, 1974)
The Partnership

By late 1942, the British realized the limitations of their program. They were struggling to come up with a test unit; meanwhile the Americans had made a quantum leap ahead in the nuclear development race. The Manhattan Project, headed by General Leslie Groves and Dr. Robert Oppenheimer, was already underway. The decision to build the bomb and the project that accompanied it was taken by Roosevelt alone. Congress was not to be informed nor consulted in any way, shape, or form. The most brilliant minds in the United States were sequestered for the atomic quest.

A convincing argument can be made that the Manhattan Project assembled the greatest collection of geniuses ever for a single project. Included among these were such Nobel Laureates as Ernest Lawrence, Edward Teller, Enrico Fermi, and later Niels Bohr. With them were hundreds of the country’s most accomplished scientists and engineers. The project was split between two main centers and several smaller research points. The site at Los Alamos, New Mexico would be the command facility where the actual atomic bombs were invented and produced. The new top-secret facility being constructed at Oak Ridge, Tennessee, was to produce the plutonium and uranium 235 for the bombs. Other centers such as the University of Chicago and Columbia University would work on smaller, related projects. Furthermore, unlike Britain, the United States Government put the military in charge of every aspect of the Manhattan Project. American scientists were
to act as employees. The scientists were encouraged to think of themselves as fighting the war much like the GIs in the field. Similarly though, the government did not solicit strategic advice from regular grunts, neither did they ask scientists for their advice on the strategies and uses of the bomb. The executive branch made policy, and the so-called "Top Policy Group" would give advice. By early 1942, they had worked out a tentative schedule for when the bomb would be ready. Vannevar Bush predicted an atomic bomb by early 1945, despite the fact that it had yet to be conclusively proven, experimentally, that a chain reaction was even possible.27

The British scientists, meanwhile, ran their project themselves. It was they who decided if the bomb should be built, and the ethics of using it. As pioneering as they had been in the formulation of nuclear physics and the theorizing of the atomic bomb, it soon became clear that the besieged nation had not nearly enough resources to create the nuclear bomb. Winston Churchill wrote to Franklin Roosevelt about sharing nuclear information in late 1942. The President's main scientific advisors, Bush and Harvard president James Conant, dissuaded Roosevelt from sharing anything more than basic scientific theories with the British. They reasoned that little would be gained by collaborating with the British since the American program was so far ahead. At the same time, sharing technical "know how" could be vulnerable to security breaches. Furthermore, Secretary of War Henry Stimson pointed out that an agreement between the British and Soviets to share information on all new weapons could threaten the security of

the project. As a further disincentive for cooperation, the United States brass did not trust the Free French among the British contingent and also considered them a risk.

Roosevelt deferred to Churchill until 1943, where at Quebec he signed an agreement that the British thought would bring them into a partnership with the Americans. This led to the possibility of British participation in the American project and to joint exploitation of uranium. The Quebec Agreement had four important provisions. The first was that neither side would use the bomb against a third party without the other’s consent. The second was a clause setting up the Combined Policy Committee to coordinate and control the joint acquisition of fissionable materials. The third provided for the interchange of information relating to atomic energy, a provision at the discretion of the United States and set to expire after victory was achieved. The fourth was that the President of the United States would dictate any post-war atomic collaboration of an industrial or commercial character. Immediately afterwards, most of the British physicists joined the Manhattan project in a limited role. The British no longer maintained a native project, and had been decidedly placed in a junior partner status compared to the United States. This agreement was followed later by a top secret Aide-Memoire between Franklin Roosevelt and Winston Churchill at Hyde Park, New York on September 18, 1944. This statement included the ambiguous provision that "Full collaboration between the United States and British Government in developing [Atomic Energy] would be subject to the United States previously determining that [Atomic Energy] would not be used against any other country without the consent of the United States."
Energy] for military and commercial purposes should continue after the defeat of Japan unless and until terminated by joint agreement.” The road to continued Anglo-American cooperation seemed to run far past the war.

The Man behind the Curtain

Major General Leslie Groves was a formidable figure. As the head of the Manhattan project, he made his reputation as a tough, secretive and jingoistic man. He was always just out of the public eye, but nonetheless always pulling the strings. Groves’ position as sole head of the Manhattan project gave him unprecedented influence with the executive branch in the areas of foreign policy. It was he to whom the President and cabinet turned to for answers on the progress of the bomb. He in turn answered on all things, only to the President and chief of staff. It was also Groves who dictated which scientists worked on what, including British scientists as of 1943. This was a great deal of influence for a man who before the war had been a colonel in the Army Engineers. But it was for his remarkable organizational skills that Groves was chosen to head one of the

most significant undertakings in human history. He was not unaware of his position or his power, and definitely had a plan in mind on what to do with it.

Groves, however, did not consider himself constricted to planning only for the war. As director, part of his job was to acquire adequate uranium for the project. His first concern was to obtain uranium that could otherwise fall in to the hands of the Germans. But he was thinking past the war. Unlike other American leaders enamoured by the Soviet Union during their brief partnership, Groves remained both hostile and skeptical with regards to the Soviets. He also failed to see the role of the Manhattan project as limited to making a small number of bombs in order to defeat Japan. Instead, he envisioned building up a massive industrial base, capable of turning out large numbers of atomic bombs after the war. In October 1945, Groves wrote a secret report that concluded, “we [should] not permit any foreign power with which we are not firmly allied, and in which we do not have absolute confidence, to make or possess atomic weapons. If such an country started to make atomic weapons, we [should] destroy its capacity to threaten us before it had progressed far enough to threaten us.” In other words, Groves advocated a preemptive strike. The Soviet Union, being the only enemy with the power and ideology to threaten the United States, was the most likely future candidate for use of the proposed legions of bombs. Adequate uranium was the first step towards this goal. In this role, he was soon to shape the pattern of American nuclear policy.

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Groves would not settle for just getting "adequate" uranium. His goal was nothing less than the entire world supply of high-grade uranium. His personal goal was to ensure that the atomic bomb was solely an American monopoly, not only during, but also after the war. As he articulated it, "insuring that the postwar position of the United States in the field of atomic energy would not be unfavorable." The most expedient way for maintaining a monopoly of atomic bombs after the war was for the United States to maintain a monopoly over high-grade uranium. In his quest for an American monopoly of nuclear materials, Groves initiated a covert operation to identify and purchase uranium ore around the world. It proved relatively successful. Taking into account that the only previous use for uranium was as a dye, many neutral countries readily sold what they had. This program was code-named Murray Hill Area and was directed personally by Groves. In fact, he had such control over the finances that money for the program was channeled directly into his personal bank account to avoid detection from spies, or for that matter, Congress. In that way, Groves was able to lock up a huge portion of uranium for American use.

Groves had to contend with one major fly in the ointment. A significant portion of uranium was located within the British Commonwealth, making collaboration with the British a requirement to obtain that material. This was accomplished by the Quebec Agreement, which created the Combined Policy Committee to oversee purchase of uranium from neutral countries. This committee was comprised of three Americans, two Britons and one Canadian. An offshoot of this was the Combined Development Trust.

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The Hyde Park "Agreement and Declaration of Trust" created the Trust. The Chairman was, of course, Major General Leslie Groves. The purpose of the Trust was to ensure joint control of uranium deposits under British dominion, but not yet in the stockpile of the Manhattan project. Technically the Trust was supposed to work on a need basis between the two countries. Of course during the war, only the United States actually needed the uranium. Groves had great influence over the Combined Policy Committee as well, even though he was not a member.

To Groves, the Anglo-American nuclear partnership was a marriage of convenience destined to end after the war. However, the British were helping to bring in a considerable amount of uranium and could not be ignored. In addition to their resources in South Africa and India, the British had been critical in obtaining a lease on the uranium of the Belgian Congo. In their uranium, the British had their only bargaining chip. Leslie Groves wanted to change this. For Groves, the goal was an American monopoly of uranium.

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Leslie Groves' goal was a monopoly of the atomic bomb after the war: a nuclear Pax-Americana, or more precisely, a Hégémonie des Etats-Unis. There were two obvious rivals who could challenge this. The most obvious and most threatening was the Soviet Union. Groves did not have any real geographic evidence of how much uranium the USSR had, but he confidently told Harry Truman that it would take 20 years for the Soviets to attain a Hiroshima type bomb.\(^\text{36}\) He reasoned that it would take that long for the Soviets to develop uranium-refining techniques able to exploit the low-grade deposits they had. Groves was confident that the Murray Hill Area project would capture all of the world's high-grade uranium.

The other nation was obviously Great Britain. The British were actively pursuing nuclear information for both weapons and energy. The British had the uranium access to build bombs or reactors. What they lacked was what became popularly known as scientific "know how." More precisely, they lacked the actual engineering information on how to build the bomb. Larger scale correlates to a higher complexity. A 12-year-old could build a simple rocket capable of taking off. Yet, it took decades to build one capable of escaping the earth's atmosphere. While the aeronautical theories for both rockets are virtually the same; the engineering is staggeringly different. The same

\(^{36}\) In 1954, Groves admitted to a congressional committee that in his calculations, he had overlooked Soviet access to uranium in Eastern Europe. The Soviets had detonated an atomic bomb in 1949, 16 years earlier than Groves had predicted. G. Herken, The Winning Weapon, p. 341.
correlation could be made between relatively small experiments involved in splitting atoms, and the atomic bomb. The British already had the theoretical knowledge, but having the theoretical knowledge did not correlate to having the skill and resources to actually build a bomb. The British scientists working on the Manhattan project provided theoretical and technical help, but were shut out of much of the work on the more sensitive engineering stages at Los Alamos.

In 1945, the problem at hand for new British Prime Minister Clement Attlee was that the British had the “fuel but not the furnace.” The recent victory over Japan, under the terms of the Quebec agreement, halted what little nuclear information they had been receiving, since it was an exclusively wartime agreement. The recent death of Franklin Roosevelt and the electoral defeat of Winston Churchill left the Hyde Park Aide-Memoire in question. With this, both the United States and Britain were in a bind. The British wanted the Hyde Park “full post-war collaboration “ clause revalidated. Without this insurance, they could not count on American nuclear information. The Quebec Agreement put the fate of their post-war program in the hands of Harry Truman. On the other hand, the Americans led by Groves wanted to continue their grip on the Combined Development Trust.

The Quebec agreement, however, had a very worrisome stipulation for the United States. The United States was bound to consult with Britain and Canada before using an atomic bomb. This would have been politically embarrassing to Harry Truman had it come to the attention of the public. So the United States’ conundrum was how to maintain a monopoly of nuclear information and uranium while changing the consultation
As Truman came into the Presidency, his opinions on the nuclear bomb were still rather malleable. He relied mostly on his advisors to show him the path to follow. These advisors could be divided into two categories, monopolists and internationalists. While monopolists saw the atomic miracle as being solely an American responsibility, and to many a diplomatic lever, the internationalists believed that hoarding the atom was futile. The internationalists reasoned that it was only a matter of time before the Soviet Union and others learned the secret. It was the duty of the United States to see that it came under the responsible control of the world. The monopolists were strong proponents of a strong unilateral role for the United States in the post-war world. The internationalists believed that the bomb, and the United States, belonged in a strong multilateral framework. In the monopolist wing, Leslie Groves was the strongest force, yet however strong his ambition and personality, he would not be able to get his way without an ally close to the President. Groves found his ally in Secretary of State James Byrnes. The Secretary of War, Henry Stimson, and Vannevar Bush led the internationalists. Despite

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agreeing in the immediate aftermath of Hiroshima, Byrnes and Stimson soon came to believe in opposite uses for the bomb.

James “Jimmy” Byrnes had almost become President. The son of Irish immigrants, James Byrnes was an ambitious young lawyer when he was elected to the United States House of Representatives in 1910. From there, he moved across the Capitol Building to the senate in 1930. In 1941, Byrnes was appointed to the Supreme Court. He left the bench shortly after war broke out to become head of the Office of Economic Stabilization. He later became director of the war mobilization effort, where Roosevelt described him as an assistant president for the home front. Many expected him to be tapped as Roosevelt’s running mate in 1944. Roosevelt however passed him over for both Vice President, and Secretary of State.38 Byrnes was a smooth talking old fashion fixer. One Congressman noted “When I see Jimmy Byrnes coming, I put one hand on my watch, the other on my wallet, and wish to goodness I knew how to protect my conscience.”39

When Truman appointed him to be his first secretary of state, Byrnes was determined to fix the international sphere, just as he believed he had repaired the domestic one. He was a great believer in forceful individual diplomacy, but early on the Soviets seemed rather intransigent on issues such as Eastern Europe. The problem State Department diplomat George Kennan noted with Byrnes was that he tended to play negotiations by ear, without any set plan or agenda. Kennan’s colleague, Charles Bohlen,


explained Byrnes’ problems dealing with the Soviets as a matter of perspective. Byrnes had dealt with Congress where compromises worked because everyone played in the same system by the same rules, something Byrnes found absent in foreign affairs.\textsuperscript{40} Thus, the atomic bomb seemed a blessing for Byrnes. He was tired of haggling over everything with the Soviet Union and getting nowhere. He was convinced that the atomic bomb could prod the Soviets in directions that they would not otherwise go. Groves’ rosy predictions of future American monopoly of the bomb made Byrnes eager to try his hand at nuclear diplomacy. Byrnes was not alone in this belief in the efficacy of atomic diplomacy. Stimson and Truman also thought early on that the bomb could be a concrete lever in persuading the Soviets to democratize Eastern Europe, and possibly initiate internal reforms within the Soviet Union. It was naïve to think that Stalin would accept internal reforms pushed on him by the Americans, after sacrificing almost 20 million Soviet civilians in fighting Germany. No matter how powerful he thought the bomb was, Stalin surely did not think it would be any more destructive than the Nazi invasion. In spite of this, Jimmy Byrnes thought that with an extended American atomic monopoly the Soviets would see things in a different light.\textsuperscript{41}

The venerable, outgoing Secretary of War, Henry Stimson, led the internationalists. The old New Yorker’s political life had spanned the entirety of the first half of the twentieth century. Stimson was a confidant and friend to Teddy Roosevelt. He had served as Secretary of War to Taft, Governor General to the Philippines under


Coolidge, and Secretary of State to Hoover. Stimson was unarguably the most respected cabinet member.\textsuperscript{42}

Stimson, like many, was a monopolist in the immediate aftermath of the war. However, his opinion changed after Hiroshima and Nagasaki were bombed. In today’s light, Stimson could be seen as somewhat of an oracle relating to the atomic bomb. In a letter to Truman, he not only predicted the arms race between the United States and the Soviet Union, but also predicted that the Soviets could get an atomic bomb by 1949. Stimson had been among the first to advocate the use of the atomic bomb as a diplomatic lever. He soon came to reconsider his position. He likened the bomb to a “royal flush,” and that the United States had been “too lavish with our beneficence upon [Russia].”\textsuperscript{43}

After a few weeks, Stimson began to see the atomic bomb as something apart than just a greater conventional weapon. He likened it to man harnessing the heart of nature itself. The impression of Byrnes swaggering around with a “bomb in his pocket” disturbed him. Still, Stimson was ardently anti-Communist and fervently believed that the Soviet Union was an amoral dictatorship. He personally grappled with how it would be possible to move the Soviet Union in the direction of freedom. After some personal reflection, his conclusion was astonishing. He decided to advocate the use of the atomic bomb, not by dropping it, but by sharing it. He pointed out that Britain was already a partner of sorts. He predicted, “Unless the Soviets are voluntarily invited into the partnership, we would maintain an Anglo-American bloc over against the Soviet.” He predicted that the result would be “a secret armaments race of a rather desperate character.” “If we feel, as I

\textsuperscript{42} G. Hodgeson, \textit{The Colonel}, p. 358.

\textsuperscript{43} Ibid., p. 347.
assume we must, that civilization demands that some day we arrive at a satisfactory international arrangement respecting the control of this new force, the question then is how long we can afford our momentary superiority.”

Stimson proposed that the United States should, along with Britain, offer to the Soviet Union entrée into a collaborative effort that would limit the use of the atomic bomb in war, and encourage the use of peaceful atomic power. One of Stimson’s favorite sayings was that the only way to get a trustworthy man, was to trust him. He seemed to be carrying this point to the Soviet Union. Unlike Byrnes and Groves, he thought that the Soviets would only respond positively to trust and not threats. In a candid meeting with Truman on September 4, 1945, Stimson told the President that there were risks in both his and Byrnes’s plans. He concluded though, that “in my method there was less danger than in his and also we would be on the right path towards… international world, whereas with his we would be on the wrong path in that respect and tending to revert into power politics.” He advocated eventually setting up an international commission, possibly under the new United Nations, to control nuclear information. Incoming Secretary of War Robert Patterson and Vannevar Bush backed up Stimson in these opinions. Bush, alluding to the analogy that the atomic bomb was the gun on Byrnes’s hip, warned Truman “there is no powder in the gun, for it could not be drawn, and this is certainty known.” The inherent problem was the fact that Stimson was 78 and retiring. Plus it was Byrnes, not Stimson, whose job it was to make foreign policy. Stimson led the

44 Ibid., p 356-58.
organization that was responsible for building the bomb; Byrnes would decide how to use it diplomatically with regard to the Soviets.

The Problem with Harry

It was not clear what Franklin Roosevelt’s plans were for post-war Anglo-American cooperation. He left little to no notes or instructions; FDR was characteristically secretive about it. As usual, many of Roosevelt’s guarantees to the British were executive agreements, such as the Hyde Park Agreement. These pacts did not necessarily apply to Harry Truman and he was not obligated to honor them. A suitable bad omen for the British was that a filing clerk in the United States mistook the British code word for the nuclear project, Tube Alloys, on the Hyde Park agreement, as having something to do with torpedoes. The agreement was promptly misfiled. The British would later have to convince Truman with their copy of the document.47

Truman himself never seemed to fully understand the consequences of his actions, or the importance of the various agreements and uranium supplies. For this he leaned

47 The misfiled Hyde Park agreement would not be found until 1952. The only Americans to know about the agreement at the Washington Conference would be Leslie Groves and Vannevar Bush, neither of whom were exactly British allies. There was suspicion that Groves had a copy which he did not share with Truman. G. Herken, The Winning Weapon, p. 62.
heavily on Byrnes and Groves. He saw Stimson’s point of the altruistic merit of a world bettered by nuclear energy. Truman also saw effective international control as the safest way to protect the world. But the international control of Stimson’s plan would involve the blatant giving away of the secret to the Soviet Union. Every one of Truman’s political instincts called out against giving the bomb to the Russians. Truman wanted to believe that they might never get the bomb, or they would not get it for many years. Groves and Byrnes’s counsel was simply easier to follow. First and foremost, Harry Truman had always been a politician. He sensed correctly that the American people were in no mood to give away their hard-earned wonder. In addition, Truman wanted to believe Byrnes in that the atomic bomb could be used as the ultimate diplomatic card. He decided to take the diplomatic offensive against the Soviets.

The first atomic explosion at Alamogordo coincided with the Potsdam peace talks. Truman was given the news on the morning of July 21. Truman took the opportunity to play nuclear diplomacy for first time in history. He approached Stalin and warned him that the United States possessed a weapon of unusual and destructive force. Instead of inquiring further, Stalin simply responded that he hoped the United States would make good use of it.48 This was taken by many of Truman’s senior advisors to mean that Stalin was underestimating the bomb. The truth of it was, that because of spies within the Manhattan project, Stalin had known of the bomb’s existence and potential long before Truman. The Soviets were well underway with their own bomb program. After the bombs were finally dropped, many expected the Soviets to become far less

intractable in negotiations. In the immediate aftermath of Hiroshima, it seemed like they had. When the United States did not include the Soviets in the occupational forces of Japan, after some expected noise and protestations, Stalin acquiesced. When Truman pressured the Soviets to give Manchuria to Chiang Kai-shek’s nationalists, they agreed.49

There was a seemingly new forcefulness in American diplomacy because of the bomb. By the same token, the Soviets appeared to become less obstinate in their demands. To Washington, it seemed that the Soviets were genuinely afraid of the bomb.50 This early test seemed to confirm the merits of an atomic monopoly. If the international community controlled the bomb, the Soviets would be less afraid of The United States, and thus less willing compromise on issues. Or that is what the logic of the situation seemed to dictate. Thus Harry Truman decided from early on that the United States must be the only nation to possess the bomb. Thanks to Groves’ predictions, Truman thought that it would maintain status quo for a long time. A victory for the monopolists would necessarily be a defeat for the British. Thus after the war, the British were operating at a distinct disadvantage.

50 The likely reality is logic. Stalin believed that immediate conventional strength was paramount. His concessions were made in East Asia, where America outnumbered the Soviets in troops, not to mention had overwhelming air and sea power. Stalin, always a very calculating man, likely thought it was unwise to challenge America at its point of strength.
Winston Churchill was always full of nostalgia for the old empire. He often chose to see the United States as a trusted partner that valued British friendship, a point of view that was often facilitated by Roosevelt’s flattery. Churchill was no innocent though. He knew that to survive as a world player, Great Britain would have to maintain very close ties with the United States. Churchill desperately wanted to see the agreements with the United States as a binding prelude to a lasting partnership. Unfortunately most of the agreements Churchill had made were ambiguous at best. The Hyde Park agreement was a good example of this, a secret executive agreement with little to no contractual obligation after Roosevelt’s presidency. But through all his romantic failings and ambiguous deals, Churchill knew what he wanted. A secret, non-binding agreement or not, the Hyde Park Aide-Memoire was a concerted effort by Churchill to gain British access to nuclear information after the war. After victory, his most consistent and pressing goal was to deliver the bomb to Britain. Churchill understood the magnitude of the bomb from the beginning. He also pragmatically understood that there was no guarantee that the United States would not retreat into isolation after the war, leaving Britain potentially standing alone against the Soviet colossus. Churchill rationalized that the only tool the depleted Britain would be able to use to keep a reasonable balance of power was the bomb. However, few in the administration of Harry Truman were overly sensitive about Britain’s postwar ambitions. There was an abundance of realists and a
number of anglophobes among them. Churchill was well aware of this, and pressed Truman for greater involvement. He and his advisors also believed that an enduring nuclear bond with the United States would make it harder for it to recede into the isolation Britain feared.51

In Churchill's wartime coalition government, his Deputy Prime Minister was the leader of the Labour party, Clement Attlee. Like Roosevelt with his Vice-Presidents, Churchill never informed Attlee of the making of the atomic bomb during the war years. This was to have unfavorable results for the British. Though Churchill won the war, the British public felt that Labour could better win the peace. In the summer of 1945 Labour, led by Attlee, defeated Churchill and the Conservatives. Only then did Churchill inform Attlee. This change of governments threatened to alter government policy towards nuclear energy. Churchill was, above all, an unequivocal non-believer in international control. His position was that Britain would be best served by a mutual pact with the United States, perhaps including Canada. Attlee muddied the waters. It was obvious that the destructive force unleashed upon Hiroshima and Nagasaki awed him. After the dropping of the bombs he sent a telegram to Truman outlining his views. He saw the atomic bomb as fundamentally changing the face of war forever. He stated in the telegram that the "framework of which was erected at [the conference creating the United Nations in] San Francisco must be carried much further if it is to be an effective shelter for humanity." Clement Attlee therefore started out as a nuclear internationalist. In Attlee's letter to Truman, he also suggested a conference on the international control of

nuclear energy with both him and the Prime Minister of Canada, Mackenzie King.

Truman agreed to a tripartite conference at Washington DC from November 10-16.\textsuperscript{52}

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**Preparing for the Conference**

Before leaving for the conference, Attlee circulated a memorandum to his cabinet, summarizing his position on the future of British nuclear research. The memorandum provided a remarkable picture of Attlee, who seemed to have blended idealism, realism and naiveté. He started with a general thesis, which contained the rather curious logic: that since nuclear war can only lead to mutual destruction, "It is therefore that the powerful nations of the world should plainly recognize this fact and abandon all out-of-date ideas of power politics."\textsuperscript{53} This was a particularly naïve general thesis to use. The United States counted on power politics to remain the lingua franca of diplomacy, obviously to its tremendous advantage. Attlee built upon this general thesis in his further points of the memorandum. In pronouncing power politics dead, Attlee assumed that the United Nations would be a very powerful force in the future. This, of course, was not to


\textsuperscript{53} Foreign Office Records, [C.P. (45) 272], Annex A, Nov 5, 1945
be true either. So through the points of the memorandum, Attlee suggested ways to make civilization safe from the bomb, all of which were based on an underestimation of the life span of power politics and an overestimation of the future power of the United Nations. Most surprising of all, was that Attlee, after all his points of international control and safeguarding man-kind, stated that he would ask the President to continue the bilateral cooperation set up by the Quebec Agreement while having Clause 4 removed. Attlee was caught in the paradox of propagating an effective world government, and at the same time trying to obtain as big a piece of the nuclear pie as possible for Britain.54

Churchill recognized this problem, and in a letter to Attlee recommended abandoning thoughts of international control in order to strengthen Britain’s relationship with the U.S. “I should regret if we seemed not to value this and pressed them to meld our dual agreement down into a general international agreement consisting, I fear, of pious empty phrases and undertakings…which will not be carried out.”55 Clement Attlee’s paradoxical priorities would not help the already tenuous British cause.

54 Ibid., Annex C,D

A Talk on the Potomac

The Washington Conference was to have a two pronged approach: the diplomatic pleasantries of the three leaders, and the real negotiating done by their subordinates. The physicist Sir John Anderson and Field Marshall Sir Henry Maitland Wilson, both member of the Combined Policy Committee, led the British negotiators. Byrnes, Groves, Bush and Patterson led the American negotiators.

The first British draft of an agreement echoed most of the sentiments Attlee displayed in his general thesis. Many of clauses were ones the United States could not possibly agree to. Clause 5 and 6 proposed that a system of scientific visitation to nuclear facilities by various nations be set up under the United Nations. Clause 7 also stated that allocation of fissionable materials should be put in the hands of the UN. That it would be easier to make the United States a colony again, than to get the American negotiators to agree to those clauses never seemed to cross the British delegation’s mind. The United States simply would never agree to those conditions. The next three British drafts were similar but tended to have more watered down language. Clearly, this was the effect of American displeasure with the specific proposals the British had brought to the table.

The first American draft of an agreement was a different animal altogether than the British proposals. The agreement was filled with lofty language and no specific proposals. What action the agreement provided was connected to the draft Clause 5,

56 Foreign Office Records, [C.P. (45) 272], Annex D, Nov 5, 1945
which weakly recommended setting up a commission to make a recommendation to the United Nations for atomic control. This was hardly an adventurous plan. On November 14, the British and American delegations at last agreed on a final draft. The agreement looked definitively American. Clause 4 affirmed the both countries were willing to share basic scientific research. The very next clause admitted that the basic scientific knowledge of atomic energy was already available to almost anyone. In its treatment of the exchange of technical information, the agreement stated that giving away engineering and technical data would have a counter-productive effect the problem of the atomic bomb. “We are, however, prepared to share, on a reciprocal basis with others of the United Nations, detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purposes can be devised.”\footnote{Foreign Office Records, [C.P. (45) 272], Annex M, Nov 5, 1945} What possible safeguards the agreement referred to were not revealed or explained. The result of all the discussion was an informal, non-binding agreement with no real suggestions for dealing with the international control of nuclear energy.

**The Heart of the Matter**

While the full delegations had been hammering out the meaningless detail of the tripartite agreement, another group was at work. Truman and Attlee had agreed that
Anderson and R.M. Makins would meet with the new Secretary of War, Judge Patterson, and Groves to concentrate on the atomic relations between the two nations. The main business was to provide a replacement to the Quebec Agreement. Vannevar Bush, before the conference, had recommended a plan to eliminate all political provisions from the Quebec Agreement in exchange for continued American control of the Combined Policy Committee. In this way, the United States could retain a monopoly on fissionable material. He proposed that the Combined Policy Committee should work out the dissemination of information later. The United States could keep materials coming in, and eliminate the clause, which required them to consult with the British before using the bomb. The British agreed to this, thus voiding the embarrassing provisions in the Quebec Agreement for both nations. Anderson remarked to Patterson that they were anxious to start building pilot plants and wanted to know where the matter of commercial rights stood. Anderson got right to the heart of the matter and asked for continuing scientific collaboration, including technical “know-how.” Patterson assured him that a solution would found that would not place the UK at a disadvantage. Instead of pressing him on that vague assurance, the British found the reply totally acceptable.

However, the British wanted the United States to agree to something on paper about the continuation of scientific collaboration. The final agreement had seemingly very resolute and binding language: First that the Combined Policy Committee and Combined Policy Trust remain as they were. Thus Groves was assured of continued


59 Ibid., pg. 65-66.
control of the uranium. The second part was a seeming concession to the British. The United States proposed a statement to the effect that there would be "...full cooperation in the field of atomic energy..." The British demanded the insertion of the word "effective" into the provision. After some wrangling, the United States agreed. The agreement was known as the "Groves-Anderson Memorandum." The resulting agreement sounded concrete, but actually was a masterpiece of ambiguity. At the beginning, it was decided that the agreement would be an informal one. A formal treaty would have constitutionally necessitated a vote from the Senate, which neither party was eager to have involved. In other words, even though both the President and the Prime Minister signed the agreement, it was not a legal binding document. It was nearly as enforceable as a gentleman’s handshake. Clement Attlee boarded a train for Ottawa the night of November 14th, confident that he had solved the problem of Anglo-American collaboration. That confidence was to be short lived.60

After the atomic bomb had been revealed to the American people, Congress immediately took an interest in it. Truman had pledged to the American people that he would submit a plan to Congress for the domestic control of energy. The question was who was to control the atomic bomb and nuclear energy? At the time, Leslie Groves and the military were in possession of it. In a meeting in late September of 1945, Truman had suggested that the Manhattan Project's military oversight be continued in peacetime.  

The administration submitted a domestic atomic energy bill, the May-Johnson bill, which recommended the continued control of the nuclear energy program by the military. The Manhattan project scientists, who streamed down from their ivory towers to lobby against it, fiercely opposed this bill. Many scientists, who had worked on the bomb, were horrified after its actual use. They felt that continued military control over the atomic bomb could induce the United States into its further use. In reaction to this protest, Senator Brian MacMahon, the head of the Senate Committee on Atomic Energy, opened hearings on a rival bill. This enabled scientists to air their fears at the possibility of the establishment of a "military state" through the bill. MacMahon submitted a rival bill providing civilian control of nuclear energy. To investigate the feasibility of the bill,

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McMahon’s committee delved into the secret of the development of the atomic bomb. The senator requested that Groves provide him with the details of the administration and making of the atomic bomb. Groves categorically refused, in order to protect the secret of the Combined Development Trust. His refusal won over many in Congress to support the opposing MacMahon bill. Public opinion stood with the MacMahon bill as well. This dissolved over night with the disclosure of a Soviet spy ring working in Canada, in February 1946.\(^2\)

The spies received an amount of high-grade uranium ore from British scientist Alan Nunn May. In reality, the spy case was actually relatively minor, and would be overshadowed several years later with the disclosure of Soviet spies working in the Manhattan project. But, by 1945 only the Alan Nunn May ring had been discovered, thus casting a shadow over British security measures.\(^3\)

The May case went public and quickly public opinion turned away from civilian control. Columnist Frank McNaughton broke the story citing a “confidential source” that told him the spies were targeting scientists in the United States. This “source,” it was learned years later, was none other then Major General Leslie Groves.

Meanwhile, Groves had every reason to provoke a public suspicion of scientific control of the bomb.\(^4\) The spy scare was used effectively by the congressional proponents of the May-Johnson act and military control. The spy scandal, provoked by Groves, subsequently initiated the transmutation of the MacMahon bill. To guard against


atomic spies, the bill was amended in Congress, to make providing any other nation with classified nuclear information a federal crime punishable by prison time. The transformed bill looked little like the original. Along with this spy clause, the military was given a seat on the new Atomic Energy Commission. Thus the atomic bomb was not put entirely into civilian hands as the original McMahon bill called for. The Atomic Energy Act, as it was called, was passed in the summer of 1946. Groves sacrificed total military control, but preserved the monopoly. The United States’ informal agreement with Great Britain on scientific exchange was never discussed. The window of scientific collaboration had seemingly closed.

The End of the Road

The British meanwhile, were quickly getting anxious about the ambiguity of the “Groves-Anderson memorandum.” As a test of the American willingness to exchange information, the British announced at the February 1946 Combined Policy Committee meeting that they intended to build a plant to produce plutonium in Britain. They

65 This penalty was later substantially increased to capital punishment. It was under this act, that Julius and Ethel Rosenberg were executed in 1953.

requested that Groves provide the details of some American facilities. Groves denied the request on the grounds that plants in Britain were insecure. The British angrily protested and at the April 1946 meeting of the Combined Policy Committee demanded a firm and real agreement on scientific exchange. What the American delegation gave them was in effect, a knockout blow to their hopes of getting the technical secrets of the bomb.

 Appropriately enough, Major General Leslie Groves orchestrated it. Groves pointed out that Clause 102 of the United Nations Charter, to which both countries had signed, required the registration of all treaties. Since both the United States and Great Britain had publicly declared their supposed support for international control of nuclear energy, it would be diplomatically impossible to register a bilateral agreement on the exchange of information. Attlee frantically telegraphed Truman reminding him that he had promised “full and effective collaboration.” Truman responded that the language “full and effective cooperation” was very general, and had not obligated the United States to aid the British nuclear program. The British were incredulous. And if this American maneuver was the knockout, the deathblow was the passage of the Atomic Energy Act. Cooperation between the United States and Great Britain was now both diplomatically embarrassing and legally impossible.

The Atomic Energy Act of course did not affect the Combined Development Trust. Uranium ore was still being shipped to the United States from the British Commonwealth and dominions. Ore was Britain’s last trump card, and they had waited

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68 L. Groves, Now It Can Be Told, p. 405-408.
far too long to throw it down. The Combined Development Trust had been arranged on a need basis. The need for uranium had always been America's. The British, angered by what they considered a betrayal, demanded half of all the uranium delivered to the trust since the end of the war; Groves categorically refused. The British proposed a compromise that all further material acquired from the Belgium Congo would be split 50:50 between the two countries; Groves opposed this as well. In the final act, British Ambassador Lord Halifax delivered a note to the United States, which stated that if the compromise were not accepted within five days, the British government would cease all shipments of ore to the United States. The compromise was finally accepted. The Combined Development Trust was thus kept intact and split between the two countries until the United States abandoned it in 1951. The Atomic Energy Act ended scientific collaboration between the United States of America and the United Kingdom.

The End of the Beginning

The nuclear diplomacy of Jimmy Byrnes lasted for little more than a year. When in December 1945, the Allied foreign ministers met in Moscow to work out the problems of Eastern Europe and the Balkans. Byrnes and other Americans entered the summit with the faulty assumption that the Soviets would be intimidated by the atomic bomb. The
time had come for a test of strength. Byrnes was more than ready to try his hand at atomic diplomacy. After a talk with him, Stimson said Byrnes’ “mind is full of problems with the coming meeting of foreign ministers and he looks to having the presence of the bomb in his pocket, so to speak, as a great weapon to get through the thing.”\(^{70}\) Things would not work out that way. Byrnes came to the conference, by all accounts, very sure of himself. Unfortunately for him, Soviet Foreign Minister Vyacheslav Molotov was to remain absolutely firm. Stalin was not about to give up his Eastern European buffer states.

Stimson still sustained his confidence in the bomb; this much was painfully clear to his colleagues at the conference. Unwittingly paraphrasing Stimson, Molotov asked Byrnes if he had “an atomic bomb in his side pocket” during a conference reception. Byrnes joked back to him that “if you don’t cut out all this stalling and let us get down to work, I’m going to pull an atomic bomb out of my hip pocket and let you have it.”\(^{71}\) The comment was meant as a joke, but the underlying message was clear. The problem was that this implied threat meant nothing. The value of the bomb as a bargaining counter lay in its understated presence at the negotiating table. Byrnes never articulated just how this understated threat would affect or sway the Soviets.\(^{72}\)

The reality was that in the final analysis, it did not matter. Molotov used the conference to call the United State’s implied bluff. He continued to stall on the matters of Eastern Europe, and eventually derailed the conference. It became painfully obvious

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that simply having the bomb could not sway or intimidate the Soviets. Some of the reasons were obvious. First, Stalin was willing to bet that the United States lacked the will or the ruthless nature to drop atomic bombs on its erstwhile ally over the freedom of Eastern Europe. This was the very thing that the threat of the atomic bomb had to rest on. Secondly, the Soviets knew that while powerful, the few bombs the United States had, could not compensate for the fact that the Soviets still had over 150 divisions of battle tested troops in Europe. Dropping a bomb on Moscow would not have changed the military reality in Europe. Finally, what Truman and Byrnes did not know was that the Soviets were well on their way to developing their first bomb. In short, the attempt of Byrnes to use the atomic bomb, as a diplomatic lever was ill conceived and poorly thought out.

The undertaking, however, was understandable. The atomic bomb seemed at first to be an almost magical weapon, and the country’s leaders treated it as such until they were brought back to reality. Byrnes alienated many in his own agency, by keeping them almost totally uninformed on the proceedings in Moscow. This was a purposeful attempt to exert his independent use of the atomic bomb in negotiations. He confided to one aide that “I might tell the President sometime what happened [in Moscow], but I’m never going to tell those little bastards in the State Department anything about it.” It is possible that Byrnes could have used the aid of the some of the “little bastards,” such as George Frost Kennan or Charles Bohlen. After the conference (mainly because Byrnes kept Truman almost as little informed as the State Department) the President lost

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confidence in his Secretary of State. Byrnes resigned within a year. For the rest of his presidency, Truman would not again use the bomb for such reckless diplomatic purposes.

For several years after the war, Groves became a celebrity. The press dubbed him the “atom general.” But after the McMahon act went into effect, the atomic project came under civilian jurisdiction. In 1947, Groves had to hand over power to the Atomic Energy Commission, headed by David Lilienthal. He took an advisory post, but retired to the business world within a year. The atomic monopoly so much cherished by Leslie Groves, was destroyed in 1949 when, contrary to all his predictions, the Soviet Union exploded an atomic bomb. The atomic “Pax Americana” was gone for good.

Great Britain commenced its own atomic project in 1947. Almost all Anglo-American collaboration except the Combined Development Trust had broken down. During this time, the overall relationship between the two countries had reached a low point. For the next several years, forays into renewed collaboration were contemplated and discussed, but nothing really came of them. The result was the detonation of a “Hiroshima-style” atomic device in 1952. The importance of this achievement was overshadowed by the American detonation of the first megaton hydrogen bomb the same year. Britain’s scientists had done a great bulk of the theoretical work on atomic energy, and their fair share of technical work. The evidence suggests that it was foolhardy for Britain to think that they could become secret partners with the United States, while Clement Attlee was pontificating on the virtues of internationalism.

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Conclusions

Scientific collaboration between the United States and Great Britain, which had started in earnest in 1943, evaporated in 1946. Even though the United States was soon to establish strong ties to the countries of Western Europe through the Marshall Plan and NATO, scientific exchange would not occur again between the two countries for more than a decade. Not until the Sputnik crisis was the United States ready to entrust its nuclear technology to the British. Why were nuclear relations a source of contention after the war? The reasons why Britain and the United States could not scientifically collaborate in the post-war world lay rooted in the fact that both countries had radically different views of their future and their past. The simplest reason was that the United States insisted on maintaining a monopoly of the atomic bomb, even if it meant breaking its promises of post-war cooperation with Britain. The United States found itself as the sole holder of the most powerful and decisive weapon ever known to the world. It was seemingly the ultimate bargaining chip. Despite several high-ranking officials who believed the atomic secret should be under international control, the majority believed the United States should keep its possession unto itself. Harry Truman, Secretary of State Byrnes, and nearly the entire American public wanted to believe it could stay that
way for years. Leslie Groves told them what they wanted to hear and they bought it. There was no cognition from the public and little from the administration that Great Britain had made an important contribution to the bomb project. In the face of the monumental American effort, they were considerably overshadowed.

The British contributed to their own failure by naïvely trusting in ambiguous executive agreements, while failing to effectively use their uranium bargaining chips. The precedents set by Churchill and Roosevelt, at Quebec and Hyde Park, led the British to feel that their partnership with the United States sat on far firmer footing than it actually did. What chances they did have were hurt considerably, when Clement Attlee came to office and brought with him an unresolvable internationalist-bilateralist approach to the Washington Conference. There the British wasted time by declaring airy international principles when they might have been demanding concrete agreements on scientific exchange. While the passage of the Atomic Energy Act and Groves’ use of the Clause 102 of the UN Charter was the collaboration’s requiem, British hopes died, when Leslie Groves won Harry Truman over to his monopolist agenda. The British often persisted in believing, despite evidence to the contrary, that the United States would give them the bomb. As the ones who initiated atomic research in 1940 with the Maud committee, and as the only partner in the Manhattan project they believed that they earned it. They naïvely assumed that meaningless paper agreements would open the doors of cooperation. Britain, the historically ruthless practitioner of realpolitik, trusted the United States to do the honorable thing and share American engineering secrets. No matter how many Anglophiles inhabited the American policy-making bureaucracy, they were unwilling to subvert the interests of the United States for those of Great Britain.
What Great Britain received was a lesson in hardboiled pragmatism. The United States believed their most valuable ally was the atomic bomb, not the British. By any definition imaginable, a “special relationship” was not at work in the sphere Anglo-American nuclear relations. Instead, Great Britain found itself out in the cold.
PART II

THE PROBLEM OF ANGLO-AMERICAN ECONOMIC RELATIONS
In Washington Lord Halifax

Once whispered to Lord Keynes

It's true they have the money bags

But we have the brains\textsuperscript{77}

This arrogant limerick left behind at the 1944 Bretton Woods conference captures the attitude of many in Great Britain about the role they would play in the economics of the post-war world. The United States might have the economic might in the post-war world, but surely they still needed, and wanted, the financial acumen of Great Britain. This optimistic attitude prevailed in many of Britain’s leading minds. In their view, Great Britain was not an ailing ally who was looking for charity. Their partners in war, the United States, would certainly find it in its best interest to pay back Britain for the many sacrifices, which it had made for the common cause. America would certainly do its utmost to help Britain salvage its exhausted economy, if not in gratitude, then in its own interest in keeping a wise experienced partner. As noted before, during the war, Harold Macmillan, later the Prime Minister of the United Kingdom, and like Churchill, born of an American mother saw an analog of the Anglo-American relationship in classical times.

"We...are Greeks in this American empire."78 Certainly Franklin Roosevelt had given several indications that the United States would repay Britain. At the end of the war, Great Britain was looking at a myriad of problems: staggering sterling debts, an unfavorable balance of payments and a severely damaged industrial base. In this predicament, Great Britain looked to its wartime partnership with the United States to bail it out. However in the two years immediately following the Second World War, it was clear that the United States was looking at Britain, not as a partner, but as a supplicant. How did the "special relationship" initially fail in the realm of postwar economics?

Much like in post-war nuclear relations, Great Britain relied far too heavily on vague wartime promises made by Franklin Roosevelt about the future policy of the United States. Britain overestimated its own importance to the United States in the post-war world, while underestimating, and misunderstanding the goals of the American leadership and the public. Great Britain again tried to secure a firm bilateral partnership, while the United States was concerned with extracting economic concessions in order to build the liberal capitalist framework: its model of the post-war world. In the process of relentlessly pressing a prostrate Britain into dismantling the economic underpinnings of its empire, the United States revealed its lack of commitment to a true "special relationship" with Great Britain in economic affairs.

Prelude

For many leaders on both sides of the ocean, the interval between world wars was a formative time in their views on the world economy. Great Britain had emerged from the War to End All Wars a bloodied but triumphant power bent on vengeance. Britain expended a sixth of its national wealth in the First World War, and had become a debtor country. Britain, along with France, had demanded huge reparations from a defeated Germany in the hope that it would prevent another European war. In this, they were disappointed. Britain was arguably the most committed participant in the League of Nations, only to see it fall into impotence. In finances, Britain had relied on the concept of free trade to ensure future prosperity, only to slide into depression. Their reaction to this depression was to look to empire. Great Britain had instituted a quasi-mercantilist-trading bloc in 1932, with the Ottawa Agreements. These agreements set up the Imperial Preference System in which Britain heavily favored trade within the British Commonwealth by universally erecting high tariff walls to outside trade and controlling sterling convertibility. In this way, Britain was directly or indirectly able to control 40% of the world trade by 1938.⁷⁹ In doing so, Britain was able to maintain a tenuously favorable balance of payments. This balance of payments was brittle though. The price of total retained imports for Britain in 1939, was £858* million. Great Britain was only able to pay for these imports with £471 million in exports. The rest of the balance came

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* The Sterling-Dollar conversion should be approximated at $4.03 to £1
mainly from income of foreign investments and shipping earnings. The Second World War hit these two forms of income hard.

The United States in 1918 was the world’s largest creditor. It then watched in chagrin, as the bulk of these debts were defaulted on in the course of war and depression. Out of the inter-war period came several influential Americans who believed that American prosperity and world peace could only be guaranteed by the multilateral controls for trade and finances. These controls would ensure truly free and vigorous trade, which in turn would ensure peace and prosperity. Foremost among these individuals was Roosevelt’s Secretary of State, Cordell Hull, who believed that “unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war.” Hull would set the tune that many American officials would follow in the post-war world.

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81 Only Finland was able to pay off its debts to the United States in the 30’s. The memory of the massive defaulting of payments made many Americans less than eager to lend money abroad.
When Winston Churchill and Franklin Roosevelt met at the Atlantic Conference in August of 1941, a mutual statement of views and values was not the main objective. The conference had been suggested by Roosevelt to consult on Lend-Lease, the details of which were being worked out in Washington. The Atlantic Charter was a somewhat unexpected byproduct of the conference.\textsuperscript{83} There was some pressure on Roosevelt, particularly from the State Department, to extract some significant concessions on post-war free trade from the British. As could be easily surmised, Hull and the State Department were vigorously opposed to any resumption of imperial preferences and closed sterling bloc trade by Great Britain. Many saw the Atlantic Conference as a good time to press Britain on these issues. The United States had not yet entered the war, and Britain was still in shock after narrowly averting of a Nazi invasion during the Battle of Britain.

Churchill, for his part, initially did not wish to spend a great deal of time on post-war planning. His main concern was getting America into the war. Roosevelt proposed over dinner that they should draft a declaration “laying down certain broad principles which should guide our policies along the same road.”\textsuperscript{84} Churchill met this with an

\textsuperscript{84} \textit{Ibid.}, p. 43.
ambiguous draft avoiding specific post-war commitments. This was unacceptable to the State Department, which responded with a draft that attacked the Imperial Preference System. In the State Department draft, both countries would “strive to promote mutually advantageous economic relations between them through the elimination of any discrimination in the United States or the United Kingdom against the importation of any product originating from the other country.” In response to this, the Prime Minister asserted that if this statement would be held to the Ottawa agreements, it would be his duty to submit it for approval to Parliament and the Governments of the Dominions. This, he advised, would take at least a week.  

This ploy worked, and Roosevelt had the State Department back down. Roosevelt, even more than Churchill, was less than enamored with post-war planning and did not want to jeopardize the time frame of the conference. Churchill was allowed to insert the phrase “with due respect to existing obligations,” which would seem to exempt the Imperial Preference System. This amended statement became the fourth clause of the charter.  

The clause itself was used to differing effect in the two countries. In the United States, it was held out as a declaration of free trade to public opinion, while the British public could interpret it as respecting the Ottawa agreements.

At the same time the Lend-Lease talks in Washington, in the summer of 1941, also touched on the question of the post-war world. The talks began with the arrival in Washington, of John Maynard Keynes, the legendary British economist. The issue at question was Article VII in the Lend-Lease agreement. The State Department was

85 Ibid., p. 44-46.
determined to get Britain to agree to a concrete elimination of its closed trading sphere and inconvertible sterling. In pursuit of this, Hull included Article VII in the Lend-Lease draft, which pointedly bound the two countries to forswear discrimination against the other’s products. A provoked British contingent pointed out that Article VII would seemingly apply to the Imperial Preference System, but not American tariffs. The U.S. contingent used the time honored American argument, which was that the British preference system was discriminatory, while tariffs were not.

The issue was apparently finally settled after some informal negotiation between British Ambassador Lord Halifax and the State Department. What resulted was a rather slippery clause that committed the signatories “to the elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers.”87 This statement seemed to eliminate the imperial preference system. But the clause also asserted that the “elimination of discrimination would be determined by agreed action... in the light of governing economic conditions.”88 What this action would be, or in what economic conditions, was frankly unclear. The British cabinet was skeptical enough to hold back on final agreement. This led Roosevelt to intervene and reassure Churchill. According to Churchill, Roosevelt gave him a definite assurance that “(the British) were no more committed to the abolition of imperial preference, than the American Government were committed to the abolition of their high protective tariffs.”89 In short, Roosevelt was telling Churchill that the clause was only

87 Crapol, p. 5.
88 Gardner, Sterling-Dollar Diplomacy, p. 59.

89 Ibid, p. 65.
inserted for form’s sake and was not a binding post-war agreement. This is, in short, what Churchill told Parliament. Yet it was far from what the State Department or Congress believed.

Thus in both the Atlantic Charter and in Article VII of the Lend-Lease agreement, imprecise language was used to avoid having to work out defined positions on post-war trade preferences. This imprecise language was interpreted differently by the public of each country. The confusion was, at the time, beneficial to the British. The United States had the money and the resources, and most likely could have pressed Britain into explicit concessions. That, however, was not the spirit Roosevelt wanted to engender. The confusion was supplemented by an apparent promise by Roosevelt to Churchill, to respect Britain’s pre-war status quo. Like the personal agreements Churchill would receive from Roosevelt later, the question not asked was if it would be binding to Roosevelt’s successors?

A View from the Basement

By the beginning of 1945, it was apparent that the Allies would be victorious. The impending end of conflict gave American and British leaders an impetus to examine
their economic situations. This period also gave the leaders an opportunity to avoid tackling in a meaningful way the difficult issues of the immediate post-war world.

When the British leaders crawled out of their figurative bomb shelters and took a look around, the sight that greeted their eyes was abhorrent. Britain had spent a quarter of its total wealth in fighting the war. Out of a 1939 figure of £30 billion, £7.3 billion had been lost. Of this amount, a good deal (£1.5 billion) was caused by the vast destruction inflicted by the Luftwaffe and V-weapons. Shipping losses caused another £1.7 billion. But even more harmful to Britain's post-war prospects was disinvestment of £9 billion in internal and £4.2 billion in external investments. Dividends and interest from these investments accounted for almost half of Britain’s pre-war receipts towards balance of payments. In 1945, it was estimated that Britain’s imports would be £1.25 billion and total overseas expenditures would be in the neighborhood of £2.9 billion. By contrast Britain’s exports would be a mere £3.5 billion and total overseas income, £8 billion. Great Britain’s total yearly deficit would be a staggering £2.1 billion, or almost 10% of their total wealth. At that rate the British economy would soon implode.

The British debt situation possibly looked worse. Great Britain had accumulated over $25 billion in debt to the United States from materials acquired through Lend-Lease. Grain, guns and garments sent to Britain during the war were dutifully counted and charged to Britain. Britain had also acquired a large debt to sterling bloc countries.

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90 Ibid, p. 178.


The main reason for the sterling bloc debt was foolish wartime accounting. Great Britain had frozen the pound-sterling balances held in the City of London for the duration of the war. When buying supplies from a sterling bloc country, Britain would add to the frozen accounts instead of sending direct payment. The reason this was ill considered was that many of these debts were incurred fighting in defense of the very countries they were buying from. For example, the British added to the Egyptian account for local goods purchased to supply the British Army fighting the desert campaign against the Nazi advance on Egypt. Whether or not Egypt wanted the British there in the first place is irrelevant, these frozen balances ballooned to over £2.7 billion by 1945.93 To put it in full perspective, Great Britain owed her creditors almost one third of the pre-war wealth of the entire British Empire. In addition to all these deficits and debts, Great Britain had to rebuild its bombed out cities and raise the standard of living for its people, who had been on strict rationing since 1939. It was estimated that Britain would have to eliminate or postpone its debts and raise its exports 50-75%, just to maintain its pre-war standard of living. And indeed, British leaders planned an unprecedented expansion of the social welfare net. The accounting did not add up.

America on the other hand had pulled itself out of the Great Depression and was surging ahead. Industrial production had shot up, as did the demand for consumer items and the exploitation of raw materials. In all, America was turning out an astounding 50% of the world’s goods and services. While the rest of the major markets in the world burned, the United States had become almost the only place to shop. This, however, was

somewhat paradoxical and self-defeating. If almost every other developed nation was destroyed, who was going to buy the new deluge of American products in this new world? Since the turn of the century, America had placed enormous emphasis on exports as a way of stabilizing the economy and on promoting liberal Open Door policies in other countries to facilitate exports. Without these exports there was no guarantee that Americans would live 50% better. The prospect of another post-war depression frightened many observers. Amid these prospects, one would think that the emphasis would have been placed on the immediate future. Remarkably, the United States instead devoted great energies to the construction of a long-term post-war framework for trade and financing

**Trying to Hijack A New World**

The Bretton Woods agreements evolved in great part out of American memories of 1919. At that time the United States had refused to play a role in the development of a post-war world, instead relying on a good deal of laissez-faire trade. Men like Cordell Hull were determined to not make that mistake a second time. The Bretton Woods talks were held to form a heretofore-unprecedented collective financial security arrangement. What was needed was a way to prevent the financial problem of a single nation or several
nations from setting off an international crisis. The Bretton Woods negotiations were a largely Anglo-American affair. That is not to say that the British and the Americans had a unified vision of what the conference would or should bring about. Keynes negotiated for the British side. His conception of the post-war framework was that of a huge clearinghouse. He envisioned the clearinghouse with $26 billion in assets where countries could overdraw predetermined limits of money. That money could be used to stabilize currency, level balances of payments, and expand their economies through internal investment. Negotiating for the American side was the somewhat crude, yet tenacious Department of Treasury deputy, Harry Dexter White. His plan called for a smaller $5 billion stabilization fund that would mainly work to protect exchange rates. Keynes’ proposal was unacceptable to America because there would be no evident quotas on contributions. Thus if the demand for dollars was great (which it was sure to be) America would find itself forced to contribute the bulk of the fund.\footnote{David Felix, \textit{Keynes: A Critical Life}, (London: Greenwood Press, 1999) p. 273-278; Gardner, \textit{Sterling-Dollar Diplomacy}, p. 71-77.} What the United States would have been doing then would have been tantamount to a $26 billion grant-in-aid to the world. The American delegation knew that this somewhat forced forerunner of the Marshall Plan would be completely unacceptable to the public.

The compromise was the International Monetary Fund (IMF), a $8.8 billion fund in which the United States would contribute a maximum of $3.2 billion.\footnote{David Reynolds and David Dimbleby, \textit{An Ocean Apart: The Relationship Between Britain And America In The Twentieth Century} (New York: Random House, 1988) p. 179.} Both sides misinterpreted the character of the fund, to conform to their post-war visions. The British government seemed to believe that its entire IMF lending quota would be made
immediately available for withdrawal. In presenting a statement to the House of Lords, Keynes seemed to believe that L325 million of IMF money could be added to the British dollar and gold reserves, and that the quotas to the rest of the sterling area could be added to this. Keynes used that interpretation to elicit the approval of the House of Lords.

America believed the exact opposite. Dean Acheson assured the Senate “There is no idea whatever that a person walks in and goes through the empty formality of saying ‘I need this presently to make a payment’... that would be childishly absurd.” Britain believed that it had a source of post-war income. America would not let Britain turn a multilateral framework into a hidden bilateral payment. Much like the Atlantic Charter and Article VII of the Lend-Lease negotiations, the Bretton Woods agreements led to confusion over critical points of the agreement.

“Equality of Sacrifice”

How was Great Britain to cope with its shattered economy in the post-war period? In wrestling with this problem, Great Britain began to fall into the trap of believing that

96 The parliamentary debates (Hansard). House of Lords official report. (London : H.M.S.O., 1944) 840 (May 23, 1944)

Roosevelt’s breezy promises and friendly demeanor with Churchill reflected the thinking of the American establishment and public. Britain tried to project a close bilateral wartime relationship into the post war world.

To Great Britain, Lend-Lease was a godsend. Munitions and provisions flooded Britain. It is fair to say that the British government accepted Lend-Lease for what it was: a wartime arrangement. However, by mid-war, the British leadership began to have new conceptions of what Lend-Lease was. In design, Lend-Lease was supposed to cover two stages. Stage I encompassed the general war against Germany and Japan and was well underway. Stage II was to be the period in which Germany had been defeated, but Japan was still fighting. It was unclear what Britain’s exact role was to be in the Pacific campaign, or how Lend-Lease would be affected. The phase after the defeat of Japan, presumably Stage III seemed to be a mystery to all.\textsuperscript{98} The American role in a post-war world was ambiguous at best. In the absence of any concrete post-war rebuilding plans, Britain began to look longingly at Lend-Lease as its lifeline.

Subsequently, a new doctrine began to be preached in Britain, the doctrine of “equality of sacrifice”. In the view of many an Englishman, it was the United Kingdom that had saved the United States and not the other way around. In the British view, Hitler had been an equal threat to both the United States and Great Britain. Britain maintained that the United States in effect, had been defended by Britain, from Nazi Germany, from 1939-1941 gratis. During that time frame, Britain had exhausted nearly $4 billion of cash and gold reserves. Most of this had gone directly to the United States through the Cash and Carry arrangement preceding Lend-Lease. Even after America had entered the war,

\textsuperscript{98} Ibid. p. 54-56.
Britain continued to bear the bulk of the burden. In 1942 and 1943, the number of British divisions encountering the enemy was 50% higher than the American divisions.\textsuperscript{99} It was not until 1944, that parity was reached. The fact that by the end of the war America was doing the vast bulk of the fighting did not erase the fact that proportionally Britain had done above her share. Britain had even participated in sending raw materials to the United States through Reverse Lend-Lease. In the view of many in Britain, the United States had profited from Britain's awful sacrifices. In the mind of the average Briton, the burden of post-war construction was on the United States.\textsuperscript{100} There was thus an expectation by many within the British public and government, that the United States would continue Lend-Lease after the war. The hope was that the U.S. would at the very least let Britain do some funded rebuilding during Phase II. Roosevelt stoked British expectations, when in his report to Congress on Lend-Lease, he stated "No nation would grow rich through the war effort of its allies. The money costs of war will fall according to the rule of equality of sacrifice."\textsuperscript{101}

Exactly what Phase II would be, changed throughout the war. The problem was that no one really had a good idea of when Japan would be defeated, or how much of a role Britain would have to play. The expectation was that it would take anywhere from 18 months to two years to defeat Japan, after Germany fell.

Churchill was eager to get answers from Roosevelt on these issues, and eager to press Britain's claim. He received his chance during the second Quebec conference in


\textsuperscript{100} Gardner, Sterling-Dollar Diplomacy, p. 173-176.

\textsuperscript{101} Ibid, p. 167.
September of 1944. Churchill was at his diplomatic best in facing Roosevelt on these issues. To demonstrate Britain’s willingness to “earn its keep,” Churchill dutifully volunteered the use of British air and naval forces in the fight against Japan, hitherto an exclusively American naval fight. Churchill calculated that, if Britain expected to stay in the American public’s good graces, the American public needed to see the Pacific as an Allied fight, not just an American one. Britain’s effort in Burma had come under attack by many in the American military as just a defensive maneuver to protect Britain’s India colony. Some Americans asserted that the acronym for the Southeast Asia Command, SEAC, actually stood for “Save England’s Asian Colonies.”

To the chagrin of Roosevelt’s senior naval advisor FDR accepted Churchill’s offer.

Having demonstrated a willingness to fight Japan, Churchill moved on to Phase II. Churchill informed Roosevelt that he hoped that during the war with Japan, Britain would continue to receive food, shipping, and the like. to continue to cover its needs; Roosevelt assented. Churchill suggested to the President, that he hoped Lend-Lease would be continued on a proportional basis for munitions, while non-munitions aid would be maintained at the present level in order for Britain to begin to rebuild. Churchill also hoped that the President would assent, even if it meant that British manpower would be used for civilian purposes. Roosevelt agreed to this, but surprisingly he and his aides thought it better to put a monetary figure on it, rather than some formula. He thought that

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103 Robert M. Hathaway, Ambiguous Partnership: Britain And America, 1944-1947, (New York: Columbia Press, 1981) p. 61. The American Navy believed that it had sufficient strength to defeat Japan. The navy wanted to avoid the political, military and colonial complications that would result from a large British effort in the Pacific. They were able to successfully delay the implementation of this promise by Churchill.
$3.5 billion in munitions assistance and $3 billion in non-munitions assistance would be sufficient for Phase II. Roosevelt also agreed to remove restrictions on the British export trade.\textsuperscript{104} This seemed to be a firm agreement on Lend-Lease aid from the American government, at least in Phase II. The monetary commitment by Roosevelt could easily have been interpreted as money in the bank, regardless of how long or short Phase II would be. Would this apparent endorsement of continued Lend-Lease funding mean that America was ready to use the bilateral Lend-Lease agreement to help rebuild Britain? This was far from the case.

America as a whole had a far different view of “equality of sacrifice” than Great Britain. In many quarters, the view was that America would have eventually triumphed with or without Great Britain. After the 1942 congressional elections, the Congress took on a more conservative frame of mind. Many Republicans and Southern Democrats had seen Lend-Lease as a big “give-away.” Few Americans were aware that reverse Lend-Lease even existed and most thought that Lend-Lease should only be used for the immediate prosecution of the war. 83% of the public in one poll believed that Great Britain should begin immediate repayment of Lend-Lease as soon as the war was completed.\textsuperscript{105} Most Americans still saw Britain, as they had always perceived it: a wealthy imperial colossus controlling a quarter of the world’s population.

Many of Roosevelt’s underlings were equally skeptical of the wisdom of using Lend-Lease to rebuild Britain. The American Joint Chiefs of Staff had unanimously held that Lend-Lease should only be used for immediate prosecution of the war. Cordell Hull

\textsuperscript{104} The Quebec Conference, 1944, Foreign Relations Of the United States, p. 344-346.

\textsuperscript{105} Gardner, Sterling-Dollar Diplomacy, notes on pg. 173.
was furious because Roosevelt had "attached no conditions to it whatever. These were numerous questions pending between us and Great Britain... the credits would be needed in our bargaining position with her."\textsuperscript{106} Even Henry Stimson objected to a commitment of Lend-Lease money for British reconstruction. He did not object to aiding Britain in the post-war world, and in fact advocated that very issue. However, Stimson believed that "if we were going to make use of Lend-Lease appropriations in the post-war period when there was no longer any connection between them and the actual fighting of the recipient, we ought to consult Congress."\textsuperscript{107} Roosevelt did not, in fact, have the authority to make monetary commitments to Britain. It was up to Congress to appropriate the funds. Yet the memorandum with the Phase II monetary commitments bore the mark "OK FDR."

Roosevelt's promises had again concealed a general apathy both in the public and the administration for the funding of Britain's reconstruction. Churchill, however, was to walk away from the second Quebec conference believing that Britain had a firm commitment of funds.

\textsuperscript{107} Gardner, \textit{Sterling-Dollar Diplomacy}, pg. 181.
Despite expectations, Phase II lasted for all of three months. The atomic bomb ended the prospect of a bloody, protracted invasion of mainland Japan, and with it, the need for more British troops in the Pacific. In the mean time the unexpected happened: Roosevelt died and Churchill's Conservative party was defeated in general elections. All at once Harry Truman and Clement Attlee headed their respected governments. Much like in nuclear relations, Attlee and the British were to find that Roosevelt's wartime promises did not necessarily bind Truman to follow them. Britain would need new options for post-war construction.

The first pledge to go was Phase II aid. It was not known if Truman was even aware of Roosevelt's promise of $6.5 billion to Britain in Lend-Lease. Whatever his previous knowledge, Truman felt seemingly little compunction about abruptly canceling Lend-Lease, which he in fact did. On August 21, it was announced that no new orders for Lend-Lease would be taken and those in the pipeline were to be returned to the United States.¹⁰⁸ This news hit London like a weight; the government and press reacted accordingly. Hugh Dalton, the Chancellor of the Exchequer, wrote, "This very heavy blow was struck at us without warning, and without discussion. We had expected at least

some tapering off of Lend-Lease over the first few years of peace.” Many in the press believed that this was a sign of official disapproval of the new Labour government, which had won on a platform of socialist programs. It was widely asserted that Roosevelt would not have handed Britain such an affront. Churchill, now opposition leader, spoke out against it in Parliament. The reaction from American papers, having no knowledge of Roosevelt’s promises was incredulity. One paper characterized the British reaction as “being mad at your rich uncle, who has been giving you hand-outs, because he died.”

One letter to Truman read “Let me congratulate you on putting England in her place. Give them the old Yankee hard-driven-bargain treatment and you shall earn the affection and support of the American people.”

While Attlee professed that the news was “a bolt from the clear sky,” the Labour Government should have been reasonably aware. After Roosevelt’s death, ranking officials in the American government had been sending signals that aid would be terminated. Keynes had warned that Lend-Lease “will cease almost immediately” upon the defeat of Japan. In any case, the British would have look to some other means to rebuild. The man who was entrusted with planning a new approach was possibly the most brilliant British economist since David Ricardo.

John Maynard Keynes, 1st Baron of Tilton, had already been proved prophetic when he correctly predicted that the staggering reparations levied against Germany after the First World War, would drive that country into economic nationalism and militarism.

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111 Ibid, p. 185.
in his *The Economic Consequences of the Peace*. His espousing of deficit spending in *The General Theory of Employment, Interest, and Money* gave rise to the concept of Keynesian economics.\(^{112}\) Keynes was an economic genius who had devoted many of his years to selfless government service. He was also a pompous, elitist snob; the very picture of British arrogance, which many Americans still believed in and detested.

The brilliant Cambridge economist and former member of the famed Bloomsbury literary coterie, which included Virginia Woolf, was to be relied upon to perform one more act of public service for his country. The end of Lend-Lease in light of Britain’s mounting debts and poor balance of trade presented the threat, in Keynes’ words, of a “Financial Dunkirk.”\(^{113}\) In March, Keynes had produced “Overseas Financial Policy in Stage III” in which he gave three choices for dealing with post-war economic troubles. Sir Richard Clarke, who was present at the meeting paraphrased Keynes’ choices as “Austerity,” “Temptation,” and “Justice.”\(^ {114}\) “Austerity” would entail complete financial independence of the United States. To achieve this Britain would have to institute more stringent rationing and government controls for three to five years, establish strict national planning on both imports and exports, and severely limit colonial and overseas expenditure and activity. “Temptation” was a course for accepting large amounts of American loans in exchange for accepting all U.S. demands on Britain (i.e. elimination of imperial preferences, free sterling convertibility, etc.) The third choice was “Justice.” “Justice” would, in effect, put a call on Roosevelt’s promise that “The money costs will


fall according to the role of equality of sacrifice.” Great Britain would demand $3 billion on a retroactive Lend-Lease from 1939-1941, plus an option on an additional $5 billion loan at no to low interest. A certain amount would also be requested from Canada and the Commonwealth. In exchange for this, Britain would make a certain amount of sterling (around L750 million) liquid and convertible. Keynes favored “Justice”, although he also favored keeping “Austerity” alive as a backup. “Temptation” would seem to have been the least favored option. Keynes noted that any of these options would also have to be supplemented by an increase in exports and the subsidization of post-war occupation duties.\footnote{Ibid., p. 53-55.}

If there was any question Keynes doubted that America would come through, he rested them in “The Present Overseas Financial Position of the United Kingdom.” In it he stated, “…in relation to the vast expenditures of the war the sums involved are a trifle. In fact it is inconceivable that the people of the United States can be influenced in their decision, one way or another, by the sum of the money at stake. It cannot be the money that matters.”\footnote{John Maynard Keynes “The Present Overseas Financial Position Of The United Kingdom,” from \textit{The Collected Writings of John Maynard Keynes}, (Cambridge: Cambridge, 1979) p. 397.} This was an astoundingly naive statement for someone of Keynes’ stature and experience to make. As optimistic as “Justice” was, Keynes would apparently become even more Pollyannaish. After the cut-off of Lend-Lease, the British Cabinet tapped Keynes to lead a delegation to Washington.
All we have done for you, and this is how you repay us!

Keynes and the British team were to find out that his version of Justice was contradicted by the American sense of it. Again, much as like in nuclear relations, Britain would find out how non-binding Franklin Roosevelt’s promises would be to the Truman administration.

If he was optimistic in March, Keynes was even more so preparing to embark to Washington. The Washington talks were scheduled to open on September 11. Keynes assured the ministers that he could persuade the Americans to offer a $6 billion grant-in-aid. Keynes did not even touch on any strings that would be attached to this free gift. This certainly was what the Labour Government wanted to hear.\textsuperscript{117} Keynes even asserted that he should not be authorized to agree on anything but a grant.\textsuperscript{118} This optimistic view was to haunt Keynes. The new Secretary of Treasury Fred Vinson led the American delegation. Vinson’s deputy was Assistant Secretary of State for Economic Affairs, Will Clayton, who was a friend of Keynes, and generally a friend of Britain. Friendship, however, would play little part in the negotiations. Vinson was a conservative, homespun Democrat who did not particularly warm to Keynes’ acerbic and cerebral wit. Keynes opened the negotiations with a rousing speech bemoaning Britain’s post-war plight, and


\textsuperscript{118} \textit{The Collected Writings of John Maynard Keynes}, p. 421.
the basic tenets of his “Justice” argument. Keynes was soon unceremoniously stripped of his expectations.

Roosevelt’s vague promises of “equality of sacrifice” had no relevance to the situation. The American delegation was looking into the future for several reasons. Without the Roosevelt modus operandi of putting off a tough issue for a later time, the American delegation was free to use the loan as a hammer for free trade. In addition, the British delegation could not be coming as supplicants at a worse time. Without, as yet, the perceptible threat of a menacing Soviet Union, the opinion of the American public and Congress was that domestic issues were far more important than international problems. Intent on welcoming home the GI’s and “normalcy,” only 7% of Americans believed that foreign problems were vital.\footnote{Gardner, \textit{Sterling-Dollar Diplomacy}, pg. 192.} There also was the opinion expressed by ex-President Herbert Hoover: if the United States gives Britain free billions, America would have to do likewise for Russia, China, France, etc. There was in fact also the widespread popular opinion that the Socialist Labour Government would spend the money on nationalizing industries and instituting expensive social programs.\footnote{Ibid. p. 195.} The Labour foreign policy slogan of “left knows left” also could not have sat well with a great number of Americans.\footnote{This slogan proved to be a mistaken. Attlee, Bevin and the Labour government soon discovered the disdain with which the Soviet Union viewed moderate socialist regimes. Molotov later admitted that they trusted Churchill and the Conservatives more as a known quantity.} If “Equality of Sacrifice” meant anything to the public, it meant the Britain should be more grateful for America’s Herculean wartime effort. Certainly, Congress as a whole reflected these views, and Vinson and Clayton knew it. There would be no grant.

\footnote{Gardner, \textit{Sterling-Dollar Diplomacy}, pg. 192.}

\footnote{Ibid. p. 195.}

\footnote{This slogan proved to be a mistaken. Attlee, Bevin and the Labour government soon discovered the disdain with which the Soviet Union viewed moderate socialist regimes. Molotov later admitted that they trusted Churchill and the Conservatives more as a known quantity.
Roosevelt’s promise was just that: Roosevelt’s. He was gone, as was “Equality of Sacrifice.”

Once stripped of his optimism, Keynes started working for an interest-free loan. However, he had so thoroughly convinced the Cabinet and Attlee that he could obtain a grant, that they were initially unwilling to accept a loan. Belatedly Keynes sent London his opinion on September 26, 1945, that “arguments based on our previous sacrifices would do no good...”\(^1\)\(^2\)\(^2\) This set the tone for what could only be described as grueling negotiations. The American delegation was firmly grounded in the reality of the situation. Congress would not approve a grant and Congress would not approve an interest-free loan. Thus there was no point in even negotiating on these grounds. Keynes’ urbane wit, as noted, had little effect on Vinson. And Clayton, though sympathetic to the British cause, was more interested in improving America’s commercial position. In short, the bureaucracy, though more sympathetic than the general public, still put America’s interests squarely before Britain’s.

In the process of negotiating what turned out to be a $3.75 billion dollar loan with 2% interest over 50 years, the British had to make several concessions. The British were obligated to make sterling convertible within a year after the loan was ratified. Making sterling convertible to dollars would enable sterling bloc countries to more readily buy in American markets. The accumulated sterling bloc balances proved a little tricky. The United States wanted the balance released and convertible into dollars so it could be used to buy American products. However, they realized that in doing so Britain would just be giving back the dollars secured in the loan. America sought and got an agreement to
write off the balances. The opening of the sterling area also mortally wounded the Imperial Preference System. In future years, it would become untenable. Roosevelt’s assurance that the United States would not threaten Imperial Preference rang hollow.\textsuperscript{123}

The British were also committed to ratifying the Bretton Woods Agreements. In return for this, the United States wiped out the British Lend-Lease debt with the exception of $650 million of Lend-lease goods in the pipeline. This was probably far below the goods’ market value.\textsuperscript{124} All in all, this was a generous settlement. In effect, the British received a 97% discount on all American goods provided during the war. It was, however, far closer to “Temptation” than “Justice.” The quick and fuzzy promises that had often soothed British egos during the war were replaced by cold, hard reality. Just as in nuclear relations, America was more interested in using multilateral frameworks, like the Bretton Woods agreements, to enhance the \textit{Hégémonie des Etats-Unis}, rather than bilateral agreements with Britain. And, any bilateral agreements America did agree to were to be in the long-term interests of American hegemony.


\textsuperscript{123} \textit{The Collected Writings Of John Maynard Keynes}, (Cambridge, Cambridge, 1979) p. 627.

\textsuperscript{124} Gardner, \textit{Sterling-Dollar Diplomacy}, pg. 208.
An Era of Bad Feelings

The last step in the loan process, and possibly the most acrimonious, was the debate that raged over ratification of the loan in London and Washington. This debate exposed the distrust and bad feelings expressed by the public of both countries.

While Labour controlled the House of Commons, the House of Lords was controlled by Conservatives, and under the Parliament Act of 1911, could hold up a bill for two years. John Allse Brooke Simon, First Viscount Simon exclaimed that “I do not suppose there has ever been a very important international agreement put before parliament for acceptance in which it was found that conditions aroused in this country such deep anxiety and widespread distrust.” In the House of Commons, Churchill declared himself astonished that the United States would charge interest on the loan. The usually pro-American Economist asserted “It is aggravating to find that our reward for losing one-quarter of our national wealth in the common cause is to pay tribute for half a century to those who have been enriched by the war.” A Conservative MP declared that the agreement was “an economic Munich.” A Labour MP thought the agreement “niggardly, barbaric and antediluvian.”\(^{125}\) It took a rousing defense in the House of Lords

by Keynes to get loan through, and the cracking of the Labour party whip on its backbench members, to ratify it.\textsuperscript{126}

On the American side, the loan ran into Anglophobia and isolationist sentiment. Returning America GI’s had to pay more than 2\% interest on home loans. There were questions as to why the British got better treatment?\textsuperscript{127} “The British loan is not to provide relief for starving people. It is to provide relief for a decadent empire. My slogan is ‘Billions for the relief of starving children but not one cent of American taxpayers’ money for the relief of Empires’” exclaimed Colorado Democratic Senator Edwin Johnson paraphrasing Charles Pinckney. The United Kingdom had “about $8 billion in dollar assets lying around in other countries, several billions in dollars in cash now. She has about $15 billion in gold mines, about $8 billion (of) assets in diamond mines. She is far from being strapped.” according to Democratic Representative William Barry of New York. 50\% of Americans in one poll expressed disapproval of the loan against 37\% who approved.\textsuperscript{128} In short, the public was skeptical of giving a helping hand to their “partner.” The loan finally was passed in July, 1946 after months of acrimonious debate. The rift between America and Britain, however, was made painfully clear.

\textsuperscript{126} Gardner, \textit{Sterling-Dollar Diplomacy}, p. 226-236.
\textsuperscript{127} Reynolds and Dimbleby: \textit{An Ocean Apart}, p.178.
\textsuperscript{128} Gardner, \textit{Sterling-Dollar Diplomacy}, p. 236-240.
Conclusions

Great Britain thought of itself as a partner with the United States during World War II and believed this partnership was destined to run into the postwar years. Roosevelt's assurances of postwar respect for the British status quo and promises of postwar financial aid had led them to believe that the United States respected their economic and security concerns. In the Atlantic Charter, in the Lend-Lease Agreement, and in the Second Quebec Conference, America seemed to promise Britain the extending of wartime partnership and privileges to the post-war world. However, Britain soon found out that in the first years of the Cold War, America was more interested in constructing a new global economic sphere of influence, in which it could be a hegemon, than in providing its wartime ally with bilateral aid. Much as in nuclear relations, the United States brushed conceptions of past sacrifices and contributions aside. When a loan was forthcoming, it was at the expense of the British commercial status quo. The British contributed to the chilly atmosphere, by taking what in effect had been wartime free money for granted. Keynes' certainty that the United States would shower Britain with post-war money hurt the British in the negotiating room, and in public opinion. The bitter debate over the loan also proved that there was little sympathy in either country's public consciousness, for the other. Thus in the first post-war years, the economic relationship between the United States and Great Britain was less than "Special."
CONCLUSION
There is nothing so irrelevant as a poor relation.

Harold Wilson

Winston Churchill allegedly, and nakedly, had declared that he, and by implication Great Britain, had nothing to hide from the President of the United States. While candidly revealing the extent of Churchill’s trust in the United States, there has been a missing ingredient to this anecdote. Was this feeling of conviviality reciprocated by the United States towards Churchill, and by extension, Great Britain?

The term “Special Relationship” had been applied to other countries by academics; Israel, Brazil, West Germany and pre-communist China have all been alleged to have a “special” relationship with the United States. What is most telling about this observation, is that in each of these relationships, the United States was by far the dominant partner imposing its will on the dependent countries. The United States and Great Britain had had a complex and compelling relationship for over two centuries. At the end of the war though, Great Britain was unarguably a “poor relation.” While the

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Second World War had in many regards brought Anglo-American relations closer than they had been since colonial times, paradoxically, Great Britain and the United States had never been farther apart. By the end of the war, the United States was the most powerful state the world had ever witnessed. Great Britain, by contrast, was slipping into irrelevancy, while its empire and economy were disintegrating. As time progressed, Britain more and more resembled the poor relation relying on handouts from its rich cousin.

The two most important areas of Anglo-American post-war planning were in the realms of nuclear planning and economics. The atomic bomb was the only weapon seemingly capable of leveling the playing field with the Red Army. Most British leaders realized that if the United States abandoned Great Britain to its fate in the post-war world, the atomic bomb would be Britain's only insurance against Soviet expansion. Meanwhile, the United States was contemplating an atomic Pax Americana, with its monopoly of the atomic bomb. In the post-war world, Britain faced huge trade deficits, crippling debts and a destroyed infrastructure. Britain needed generous and liberal financial aid terms from the United States, while salvaging its anachronistic prewar trading bloc, if it was immediately to get back on its feet. The United States, for the sake of its new world capitalist order, was ready to tear down the very trading bloc that Britain was counting on, and use aid to its ostensible ally as a sledgehammer to do just that.

As the two most important issues in the Anglo-American relationship, the quality and quantity of nuclear and economic relations were the determining factors as to whether the “special relationship” actually existed in the immediate post-war world. During the war, there was an extraordinary level of cooperation and exchange. A lack of “trust,
mutual consideration and the ability to treat the other’s requests sympathetically” in these two realms of Anglo-American interaction after the war, should indicate that a “special relationship” did not exist in that time period. Franklin Roosevelt and Winston Churchill’s relationship personified the wartime Anglo-American relationship. Both leaders had facilitated the unprecedented wartime exchange of military, economic and scientific material. This built a foundation of sand for the post-war Anglo-American relationship. With executive agreements, such as the Quebec Agreement and the Hyde Park Aide-Memoire, or with oral agreements such as Roosevelt’s reassurances about the Atlantic Charter’s free trade provision or his promise of Phase II Lend-Lease aid, the leaders constructed a false future of cooperation. This foundation of sand crumbled when the two leaders passed from the scene.

Influential American policy makers such as Leslie Groves, Jimmy Byrnes, Cordell Hull and Fred Vinson had their own agendas on the future role of America. All of these men intended to shore up the nascent American hegemonic project. Whatever Anglophilia they might have held was checked when American interests came into play. Whether it was the quest for a liberal capitalist framework, or an atomic monopoly, Britain figured in only so far as it could aid the United States. When their interests contradicted the United States’, British interests were the ones subverted. On Britain’s part, reminders of wartime effort fell upon deaf ears. Neither was Britain able to play the part of Greece to the Rome of the United States, contrary to what Harold Macmillan and a number of other British policy makers thought. These misconceptions were aggravated by other British missteps. Whether it was Clement Attlee’s inability to see that he could not follow both his desire for international control of the atomic bomb, and Britain’s need
to form a postwar atomic partnership with the United States, or John Maynard Keynes
overconfidence in forecasting a postwar grant in aid. These contradicting goals and
missteps led to bruised feelings and antipathy on both sides.

Historian Bruce Russett saw a special relationship as originating in the wartime
identity of interests. These mutual interests allegedly created a "We-feeling." A true
“special relationship” would enable “trust, mutual consideration and the ability to treat
the other’s requests sympathetically.” Trust and mutual consideration may have been
the basis for which Roosevelt and Churchill more often than not dealt with each other.
However, this papered over and put off the acrimony that was the result of any
collaboration. In the aftermath of the Second World War, this identity of interests no
longer existed for the United States and Great Britain in either the nuclear or economic
sphere. There was no “We feeling.” So, in point of fact, by that definition, there was no
“Special Relationship.”

Many authors use the term “Special Relationship” as a handy catch phrase to sum
up either the close common heritages and cultures of Great Britain and the United States,
or as the sum of political Anglo-American relations, but they miss the point as to why
Winston Churchill coined the phrase in the first place. The context of Churchill’s usage
of the term “special relationship” in his Fulton, Missouri speech was important.
Churchill was not toasting a successful and intimate partnership. Rather, he was offering
a desperate plea for the United States not to abandon Europe and Great Britain. To do
this he invoked the specter of an “iron curtain” descending over Europe. These were not

131 Bruce Russett, _Community And Contention: Britain And America In The Twentieth Century_,
the words of a partner; these were the desperate words of a supplicant. Thus, from that 1946-vantage point, Churchill himself could see that the relationship was not yet special. In fact, in the political vacuum of the postwar world, the relationship was growing further apart. It would take a cold war to bring it back together.

The transition from hostile feelings to close partners, during the Second World War, was more illusion than reality. With the relative and absolute strengths of both countries changing so rapidly, neither the leaders nor public of either country were able to establish a permanent modus vivendi. Both countries needed longer to digest the rapid pace of events to create a true “special relationship.” As it was, due to American avarice and British blunders, in both nuclear and economic relations, the immediate post-war Anglo-American relationship was a frosty one of secrecy and dependency.
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