

Series: What is NATO?

When the United States Offered a ‘Belt and Road’ to China (continued)

The beginning of this article by David Shavin, excerpted and adapted from Executive Intelligence Review, 16 Aug. 2019, appeared in last week’s Australian Almanac, Vol. 13, No. 15, page III. It is part of our “What is NATO?” series because the North Atlantic Treaty Organisation is one of several institutions founded after World War II to perpetuate the British Empire in new forms and prevent any revival of the policies US President Franklin D. Roosevelt had promoted for the economic development of sovereign nations.

FDR’s project to end empires

Until 1940, never had a two-term US President sought a third consecutive term. But President Franklin Roosevelt was convinced that the threatening world events around Hitler’s fascism and Japan’s militarism required American leadership beyond normal electioneering, and that he could not walk away from the crisis.

To stop Hitler, however, the United States would have to make an alliance with Great Britain—and the United States could not repeat the mistake of World War I, functioning as a lapdog within the geopolitical squabbles of imperial interests. This time, intervention by America would be on the basis of ending colonialism, of ending the geopolitics that had brought Hitler to power. Roosevelt’s thinking was part and parcel of his decision to pick Henry Wallace as his Vice President, to ramrod his nomination past the Democratic Party hacks, and to assign Wallace the task of leading the charge around the world for an American, anti-colonial economic development program for wiping out poverty.

Prior to Wallace’s trip to China in 1944, he had brought this message to Mexico in 1942 and to South America in 1943. The British may have chafed at such activities in such places, but it was the plan to develop China and all of Asia—the core of their colonial empire—that pushed them into a risky regime-change mode.

There is a documented record of the deep policy division between Roosevelt and Churchill as to how the post-war world would be designed (“FDR’s Post-Colonial Vision Challenged Churchill”, Australian Almanac, Vol. 13, No. 14, 18 May 2022). In sum, the British always intended to re-impose their empire after their war, when, as they intended, Russia and Germany would have bled each other to death.

At their first major conference, in August 1941 in Newfoundland, Roosevelt laid down his conditions to Churchill in the famous Atlantic Charter: There would be no territorial gains from the war; all peoples had a right to self-determination; trade barriers would be lessened; advancement of social welfare would go hand-in-hand with global economic projects; and ending poverty would be a war aim—“a world free from want”.

Churchill knew that the British Empire’s colonial trading arrangements failed the standard of the Atlantic Charter, but Roosevelt left him no choice but to sign.



Vice President Henry Wallace and President Franklin Roosevelt, 10 March 1942, before a radio broadcast on economic policy. Photo: FDR Presidential Library

Henry Wallace took to the radio on 8 May 1942, amplifying Roosevelt’s “Atlantic Charter” orientation with his “Century of the Common Man” speech. In that speech, Wallace explicitly and boldly invoked President Abraham Lincoln’s moral standard for the United States—that the country could not long survive “half-slave and half-free”—and then extended it worldwide: There must be the development and uplifting of populations out of backward peasantry and imperial looting, to the type of freedom involved in development of the mental powers (reading, writing, the ability to form opinions, etc.) and the rise of scientific inventions and industrial progress.

Churchill fumed. At the time of the Atlantic Charter meeting, he had no choice but to appear to submit; however, soon he made his position clear for the powers-that-be in London, with his infamous (October 1942) address at Mansion House:¹ “Let me ... make this clear lest there be any mistake about it in any quarter: we mean to hold our own. I did not become the King’s First Minister to preside over the liquidation of the British Empire.”

As Roosevelt’s colleague and speechwriter, Robert Sherwood, explained it: “Churchill had waited a long time [fourteen months] for an opportunity to say just that. He had suffered and seethed when Roosevelt urged him to establish an independent, federated India, when Roosevelt proclaimed that the principles of the Atlantic Charter extended also to the Pacific and Indian Oceans and everywhere else on earth.”

‘All you get is a dirty brown’

For the first year-and-a-half after the United States’ entry into the war, Roosevelt had experienced Churchill’s duplicitous stalling tactics. Roosevelt and Gen. George C. Marshall would secure agreement from Churchill and the British Joint Chiefs for the direct assault on Nazi Germany by

means of a cross-Channel invasion; and Churchill would instruct his Joint Chiefs to ignore the agreements. Roosevelt and Stalin knew that the British meant to have Germany and Russia chew each other up. Roosevelt's commitment to a post-war alliance of the great powers for real economic collaboration was put into serious jeopardy.

At this critical juncture, Henry Wallace took the lead in confronting Churchill. In May 1943 Churchill came to Washington to sabotage yet another invasion agreement. Now, as the stalling game got more and more transparent, Churchill tried to do what can only be described as attempting to "get real" with Roosevelt with an appeal to Roosevelt's "high-born" nature, asserting that only the Anglo-Americans could run the world, due to Anglo-Saxon superiority. Henry Wallace took the lead in confronting Churchill's racist and incompetent view.

Wallace described the British Embassy luncheon of 22 May: "Churchill was all the time building an atmosphere of 'we Anglo-Saxons are the ones who really know how to run the show'."

Then the White House's reciprocal luncheon, two days later: "Apparently my frank talking with Churchill at the Saturday and Monday luncheons has caused the British to reach the conclusion that I am not playing their game of arranging matters so that the Anglo-Saxons will rule the world. If we try to rule in the spirit which seems to be animating Churchill, there will be serious trouble ahead. I am quite sure, in spite of all his protestations to the contrary, that Churchill is capable of working with Russia to double-cross the United States, and with the United States to double-cross Russia. ... I said bluntly that I thought the notion of Anglo-Saxon superiority, inherent in Churchill's approach, would be offensive to many of the nations of the world as well as to a number of people in the United States. Churchill had had quite a bit of whiskey, which, however, did not affect the clarity of his thinking process but did perhaps increase his frankness. He said why be apologetic about Anglo-Saxon superiority, that we were superior."

Wallace later recounted a bit more of that interchange: "Like so many Tories in England and the United States, he believes in the innate superiority of the Anglo-Saxon or Teutonic strain. I argued with him against a permanent Anglo-American bloc ... but I pointed out that if we were to have [a bloc], there is more justification for an alliance with Latin America than with England. He turned to me fiercely and said: 'I am a painter, and I know if you mix the colors, all you get is a dirty brown.'"

Wallace's intervention threw cold water onto Churchill's game.

That weekend, the British drew a bullseye on Wallace. Lord Halifax deployed his agent, Roald Dahl, to make it known to Wallace that he had crossed the line. Sometime within the next four weeks, British intelligence purloined a copy of Wallace's draft of *Our Job in the Pacific*.

Editors' summary: The full article recounts Dahl's acquisition of the manuscript, "an immensely secret cabinet document [that] made my hair stand on end", and his warning to Wallace's associate Charles Marsh, that "Churchill is likely to ask the President to get a new Vice President". Dahl reported both to Lord Halifax, the British Ambassador (and one of the architects of Neville Chamberlain's "appeasement" policy towards Hitler a few years before), and to the Canadian Sir William Stephenson, senior representative of British Security Coordination (BSC) for the western hemisphere during World War II. Stephenson's response to

Our Job in the Pacific: "I came to regard Wallace as a menace and I took action to ensure that the White House was aware that the British government would view with concern Wallace's appearance on the ticket" in the 1944 election.

The official American liaison with Stephenson's BSC was one Ernest Cuneo, a toady for Stephenson. In 1943 Cuneo opened an investigation of Wallace and of Asia specialists like Owen Lattimore who were involved in Wallace's China project. Cuneo's papers at the FDR Library, Hyde Park, NY, reveal that he advocated the unification of "English-speaking peoples ... [as] a new nationality", with dual citizenship and the merger "of the British and American battle fleets into one permanent world navy, thus evolving the Pax Britannica into the Pax Canambria." He opposed Wallace and First Lady Eleanor Roosevelt because they "wanted a New Deal for the world", "believed that European imperialism was the root cause of the evil", and thought that the "British Empire and the others must be liquidated".

Halifax and Churchill to Roosevelt: Dump Henry Wallace

After Stephenson and Cuneo, Lord Halifax weighed in on the White House regarding the dumping of Wallace. His first private meeting with Roosevelt, after his outrage over the Wallace document, was on 7 July 1943. When Halifax did not succeed with Roosevelt, Churchill stepped in. Even though he had just concluded extensive meetings five weeks earlier, he suddenly had to see Roosevelt again. His new concern certainly wasn't about implementing the invasion plans. Rather, Churchill's personal intervention regarding Wallace would have been part of their next meetings, in and around the August 1943 "Quebec Conference".

Roosevelt refused the demands to drop Wallace from the ticket. Further, he fully endorsed Wallace's mission to China. The evidence is, however, that Roosevelt did agree to an open Democratic Party nominating convention in July of 1944; that is, while Roosevelt endorsed Wallace for his VP, he would not dictate to the convention his choice, the way he had done in 1940. Roosevelt had good reason to believe that Wallace had the majority support of the Democratic Party rank and file, and that he could "have his cake, and eat it, too". This author surmises that Roosevelt thought he could finesse the situation, getting both the Second Front against Germany (the invasion across the English Channel) and Wallace—but that his prime objective in the summer of 1943 was to keep the alliance together and to crush Hitler.

FDR and Wallace plan China trip

In late winter, Roosevelt and Wallace solidified Wallace's planned trip to China. In February 1944, they jointly reviewed maps of the area. Wallace described his thinking to Roosevelt:

"[T]his part of the world was going to have the most rapidly growing population, that there was going to be pioneer exploitation of this part of the world, that roads, airports, and railroads would be built, that there would be need for construction machines and machine tools. I said that I felt this area had the very greatest importance to the United States, that technologically speaking we were the leaders with regard to this area."

Roosevelt was also interested in the possibilities of Russia's Siberia. Amongst other matters, Wallace's research showed that there "are significant uranium deposits.... It is my guess that this will eventually make passé oil, coal, waterpower, etc., as sources of power".

Roosevelt's discussions with Wallace on the China project put the important, but subsumed, matter of a united effort of Nationalists and Communists in China, in fighting the Japanese, within a higher strategy. In their 3 March planning session, Roosevelt shared a story with Wallace. Alluding to the May 1943 Trident Conference, where Wallace had confronted Churchill, Roosevelt said: "A year or so ago when Churchill was over here, I called his attention to the fact ... [that] the French have no longer any claim to French Indochina and I am sure the Chinese will not want French Indochina." Churchill had come back by saying, "Of course, the Chinese will want it." The President then twitted Churchill: "Well, you are speaking for Britain which has been for centuries an imperialistic power and you have several generations of imperialist ancestors behind you. You have never refused a square mile anywhere that you could lay your hands on." Wallace noted that Roosevelt had brought up French Indochina both with Chiang Kai-shek and Stalin, and both had agreed to Roosevelt's Philippines model of a transition period to independence with a defined date ending the transition. Then Roosevelt turned to Churchill: "Well, we are three to one against you on this. You had better come across and we will make it unanimous." Churchill said, "Well, I will have to consult with my cabinet." Ten months later, Churchill still had no answer; Roosevelt had made his point to Wallace.

On 21 April 1944, Wallace publicly announced the China initiative. He spoke in terms of the US mission in developing China, as we had developed the American West in the thirty years (1870-1900) after the christening of the Transcontinental Railroad: "Following the war, the common men of the world will fill up the vacant spots as they try to attain a fuller and deeper life by harnessing nature. This is the kind of a job with which our fathers and grandfathers were fully familiar. We Americans should examine what is going on in the most sympathetic way."

Privately, Wallace organised John Carter Vincent, the head of the State Department's Chinese Affairs section, who was to accompany him to China: "I gave him a copy of a Chinese extract of the Confucius Economics on the constantly normal granary." Three decades prior, Wallace had been impressed by the work of Ch'en Huan-chang, the founder of the National Confucian Association, including, among other things, the accounting of the moral and economic role of central government in buying surplus grain in good seasons and selling during droughts, hence stabilising a staple of life.²

Wallace's announcement occasioned push-backs. Congresswoman Clare Booth Luce, wife of *Time* magazine owner Henry Luce, attempted to undermine Roosevelt's plan to get Chiang Kai-shek and the Communists to collaborate. On 2 May, Wallace noted that "Mrs Luce had spoken to my sister Mary about [*Time* magazine's] Ted White just returning from China and had asked if I did not want to see him" to hear how Chiang's government is worthy of disdain, while the Chinese communists were okay. "I am not going to see White or Mrs Luce."

There is no little irony here, as what later become the "McCarthy" witch-hunts, originated with the British intelligence organisations singling out as "commies" every one of Wallace's collaborators on



Vice President Henry Wallace (r.) arrives in Kunming, June 1944. Advisor Owen Lattimore is second from left. Photo: Screenshot, YouTube channel WWIIPublicdomain

the China trip—particularly Lattimore, Vincent and Foreign Economic Administration official Launchlin Currie. But the point here is not to choose between Chiang and the Chinese Communists, but rather to see who was playing both sides against the middle, trying to defeat Roosevelt's "Belt and Road" approach, an approach with the potential to overcome the ideological games.

Three days after Wallace's most sustained planning session with Vincent and Lattimore, Assistant Director of the Federal Bureau of Investigation (FBI) Security Division D. M. Ladd submitted his first report on them to FBI Director J. Edgar Hoover. Hoover and Ladd were acting in the wake of British intelligence. Earlier, when Stephenson's operation had rooted around for months for dirt on Wallace, Vincent, Lattimore and the Institute of Pacific Relations (the organisation that was to publish Wallace's *Our Job in the Pacific*), their "intelligence" had been forwarded to the FBI.

Wallace in China

Wallace left on 20 May for a tour of Siberia, then was in China from 18 June to 5 July 1944. His first official session with Chiang Kai-shek was on 21 June, when he laid out the American policy for the massive development of Chinese industry and agriculture. The British Foreign Office took offense to Wallace's presentation at the Generalissimo's dinner that evening. While it remains a question, what the British knew and how they knew it, still it was enough that the author of *Our Job in the Pacific* met with the President of China. Lord Halifax took the matter up with both the State Department and the White House. London would also object to the 24 June Joint Statement of Wallace and Chiang. Halifax went to Secretary of State Hull, who said that Wallace's policies and actions were not those



Wallace visited the Dunjiangyan Irrigation System on the Min River, dating from 256 BC. Photo: Wikipedia

of the State Department, but were "the President's doing".

The next day, Wallace recorded, we "plunge into Conversation II", but he found that Chiang had failed to grasp Wallace's "win-win" offer. Wallace pressed Chiang on a simpler initial step: opening up dealings with the communist opposition, beginning with allowing a US Army intelligence unit to visit them. Afterwards, Wallace met late into the evening with Madame Chiang and her influential brother, Foreign Minister T.V. Soong, making sure that they knew Wallace's concern about Chiang.³

There is no indication that Chiang was ever properly briefed on Wallace's pamphlet by any of his advisors, nor that he digested much of what Wallace himself was presenting. That evening, Wallace proposed a flanking manoeuvre, that T.V. Soong accompany him back to Washington to co-ordinate on furthering the project.

Finally, on 24 June, Wallace and Chiang released their joint statement, which identified China, the Soviet Union, the United States, and the British Commonwealth as the four principal powers in the Pacific which must work together on "measures in the political, economic and social fields to prepare those dependent peoples for self-government within a specified practical time limit. ... [N]o balance of power arrangements would serve the ends of peace."

Even this formulation, a general description lacking the specific content of Wallace's "BRI" offer, was added by the British to their list of Wallace's sins.

Three days later Roosevelt met for seventy-five minutes at the White House with Chiang's brother-in-law Dr H.H. Kung, a banker who had been minister of industry and commerce, as well as, briefly, prime minister. His degree from Yale was in economics. Roosevelt asked him to return the next day for another discussion. These meetings, along with Wallace's debriefings with Roosevelt, would result in an economic team being sent to China in August. Roosevelt asked Donald Nelson, the chairman of the War Production Board, to head up the team, dedicated to both a war-time and a post-war economic mobilisation. Nelson organised a Chinese War Production Board, renamed, after the war, the American Production Mission in China. President Harry S Truman terminated this organisation less than three months after peace was declared.

The morning after Roosevelt first met with Kung, Lord Halifax visited the White House. Roosevelt gave Halifax all of fifteen minutes to register the British Empire's protest over *Our Job in the Pacific*, Wallace's presentation to Chiang on 21 June, the 24 June Joint Statement of Wallace and Chiang, and, presumably, Kung's visit.

Wallace toured China for two more weeks. Of particular importance were his meetings in Chengdu with Chang Ch'un [Zhang Qun], the governor of Szechwan (Sichuan) Province. They inspected the famous Min River Irrigation District, dating back to 300 BC. Wallace noted: "500,000 acres irrigated land. ... Next after the Nile, this is probably the oldest irrigation system in the world and probably the simplest." They discussed the importance of major infrastructure projects and the possibility of a unity government.

Editors' summary: Throughout early 1944, Stephenson and Cuneo had been conniving with Democratic National Committee Chairman Robert E. Hannegan, a man with Wall



Henry Wallace with Chiang Kai-shek and Madame Chiang. Photo: clipart.com

Street connections and a career association with Sen. Harry S Truman, to engineer a rejection of Wallace's renomination. Even as the (increasingly ailing) Roosevelt was meeting with Dr Kung and receiving a report-back from Wallace in early July, he was under constant harassment by Hannegan, and ultimately agreed to an "open convention" — not insisting on his own choice for VP—which opened the door to the wheeling and dealing with small-minded and/or bribed Democratic Party hacks, which secured the nomination of Truman for VP on 21 July.

Conclusion

The United States suffers to this day from the assault on the post-war plan to develop China and Asia, and the replacement of Wallace by Truman. The psychological horror of the atomic bombing of Hiroshima and Nagasaki, Japan, the 1945-46 decision not to redeploy the US war economy for massive civilian infrastructure projects, and the consequent scramble for jobs and for "making up" for the time lost during the war—all this disoriented what had been a mission-oriented wartime population. Without a clear notion of mission, patriotism was grafted onto the psychodynamics of a football game, with the Russians as the opposing team. The British 1943-44 targeting of Wallace and his collaborators became, over the next five to ten years, the disinformation fed to Sen. Joe McCarthy that touched off the "red scare" witch hunts of the early Cold War. The British Empire to this day relies upon their bet that the "dumb jock" Americans will jerk when their leash is pulled.

Notes

1. Mansion House is the official residence of the Lord Mayor of the "City of London", the enclave within London, but distinct from it, that is the centre of British global financial power.

2. Wallace: "I first learned about the Ever-Normal granary by reading a doctor's degree thesis written by Chen Huan-chang, a Chinese scholar at Columbia University. The title of his [1911] thesis was 'The Economic Principles of Confucius and His School.' As a result I wrote several editorials for *Wallaces' Farmer* during the decade of the twenties entitled 'The Ever-Normal Granary.'" Letter to Derk Bodde, quoted in, "[Henry A. Wallace and the Ever-Normal Granary](#)", *The Far Eastern Quarterly*, Aug. 1946, p. 411-426. Robert L. Baker, "[Henry Wallace Would Never Have Dropped the Bomb on Japan](#)", *EIR*, 7 Nov. 2003, summarises Wallace's work in agriculture and role in the New Deal.

3. Two other siblings in the Soong (Song) family were Madame Chiang's sisters Chi'ing-ling, who married President Sun Yat-sen and later served as vice chairman of the National People's Congress, People's Republic of China; and Ai-ling, married to Dr H.H. Kung, mentioned in this article.