

U.S. Economic Goals after World War II

Lecture No. 0001 (January 16, 1974)

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Preliminary remarks

A couple of things before I begin: we handed out the section lists the other day. There are some of you who have no free time from eight in the morning till midnight, every day. You're scheduled for Sunday [*laughter*]. But we were able to open — and I have kept it all — we have ended up with a couple of extra sections, so that if there are some of you, as you have raised the question with me independently, or are very serious auditors and are willing to read the work, it is possible for you to sign up and to sit in on the discussion sections also, if you are perfectly willing to participate. Also, there are two or three people who might have put off last week in terms of registration in the course; if you see me after the hour, we'll take care of that.

Also, for those of you who know, who have been through these things with me in the past, I have the world's original insomnia. And it has been really quite monumental. I mean, like Schopenhauer, at four this morning was really a little bit much, I must say. So I'm trying to clutch to the podium, and just leave me there if I doze off [*laughter*].

Lecture

In the very crucial decade between 1944 and 1954, we could argue, American policymakers made a very clear, a very consistent, a very coherent idea of the kind of world economy that they wanted and that they needed. And it was, if we were to shorthand it, that kind of informal, open-door empire which should accommodate American business, in which American business should be able to trade in which it should be able to invest, in which it should be able to make profit without any kind of constraints or restrictions. And you'll see what strikes me as being quite remarkable about that is that during the war itself, and especially in the later stages of the war — when the United States, after all, was an Ally in what was considered this Grand Alliance against the Axis, this great struggle against fascism — that American policymakers made it very clear to their allies, to the to the Soviet Union and to Great Britain, that they really would tolerate no kind of opposition, no kind of barrier. That they made that perfectly clear by what they said and by how they acted: they told the British, in effect, by their words and their actions, that the British could no longer have the rivalry of those formal closed empires, that the British could no longer keep that kind of very closed enclosed Sterling bloc in which American goods would be excluded, in which the United States could not get access to the valuable raw materials that it needed. And they told

the Russians that in no way would the United States countenance that kind of social revolution, whether in Europe or the rest of the world, that, after all, would foreclose the expansion of capitalism in the Communist world.

Now, you see, did Churchill believe that Italy — because Italy was in Europe, and because the British had had a traditional clientage relationship with Italy, and because there were British soldiers fighting side-by-side in the Italian peninsula with the Americans — did Churchill really believe that Italy would be a preserve economically of Great Britain after the war? The United States quickly disabused Churchill of any such notion and did it with a kind of surgical precision. Because the United States, after all, knew perfectly well that it had economic power — that it had that kind of aid, whether food or whether credit or whether long-term loans with which it could bind Italian governments in the Communist period to its policy — and that the British did not have that.

And it went at that very quickly and very precisely. Because, you see, it was in June of 1944, when finally Rome was occupied by the Allies moving up the peninsula of Italy, that American policymakers moved very decisively. Because once Rome was occupied, those figures who had occupied the provisional government in Italy — namely the king, Victor Emmanuel, and the prime minister, Marshal [Pietro] Badoglio, who were considered by the Americans to be too pro-British — were simply replaced. And the king was replaced by his son Umberto, and Badoglio was replaced by the [Ivanoe] Bonomi government. And that is very important, because that Bonomi government then did send emissaries to Washington in that winter of 1944 and '45, and did get promises of Communist aid, and did get promises of credit. And in return for that, of course, promised that they would coordinate Italian Communist policy with the needs of American global policy. And consequently, if the British had any illusions about preserving in Europe that kind of sphere of influence, they were quickly disabused of it.

And did Soviet leaders — did Stalin and the Soviet leadership — really feel that on the basis, after all, of territorial propinquity, on the basis of geopolitics, on the basis of sheer strategy, that Eastern Europe was their preserve, and that nobody would raise a question about it? But the Americans, you see, the American policymakers as late as November of 1944 still refuse to recognize any such claim by the Russians. And so it is the American foreign secretary, it is Secretary of State [Edward] Stettinius, who in November of 1944 draws up what he considers to be the design for Eastern Europe as it coordinates with American policy.

And sure, that design says that the peoples of Eastern Europe should have a right of self-determination to choose any kind of government and to make any kind of society that they want. But the other points of that program are not in any way congruent with that first point, because Stettinius also said that what the Americans required was an Eastern Europe in

which American property should be protected, and in which there was the capacity to invest and to trade, which might be thoroughly incompatible with that very first principle that the Americans set down. Because in that Eastern Europe — where you have had semi-feudal regimes, where you have had regimes that were intractable and thoroughly reactionary — the popular masses might not want to choose that kind of society in which American property would be protected, and in which American investments really could go.

And when the Russians, after all, moved by themselves — when they moved to occupy that vacuum in Eastern Europe, when they moved to install pro-Soviet regimes, pro-Communist regimes, because they couldn't deal with those other reactionary forces in those countries — it was not for ideological reasons. It was for strategic reasons. But American policymakers chose to interpret it, after all, as *prima facie* evidence that the Soviet Union was embarked on a kind of global Communist imperialism. And did the Second World War, like they asked, did the Second World War really exacerbate the class struggle? Did the Second World War radicalize the working-class masses? Did the liberation movements in Asia and the movements of resistance in Europe simply catapult with literally millions of exploited men and women into an opposition against capitalism and colonialism? The Americans refused to read it that way. And they insisted, after all, that if there was a threat from the left Which threat they consider to be incommensurably aback and large from the point of view of their overall design, if they saw that threat from the left, they said, it was the product of the machination, the product of the manipulation of the Communist parties of Europe and of Asia.

And we know, you see, that the Communist parties were not manipulating in that way — that they were manipulating, to be sure, but primarily, after all, in the interest of Soviet foreign policy, which was a policy of trying to maintain the Grand Alliance of the war into the Communist period — by which we mean that the Communist parties were hellbent on restraining those kinds of left-wing movements, are preventing them from becoming violent revolutions; in a sense, if you please, almost regretting the potentiality of those movements. All of that we know. And we know, furthermore, that the most dramatic episodes in that entire leftward surge in Europe, those great strikes, the occupation of factories, that all of those were spontaneous actions that were done over and above be controlled by socialist or Communist parties. All of that is true, but you see what the point is?

The point is that for American policymakers, any left-wing regime, even if it was legalistic, even if it had popular support, could be a threat. It's the Chilean problem, isn't there? It is the attitude toward the Allende regime in Chile, which came in legally, after all, in the late 1960s, which had popular support, but did the one thing that, after all, that is incompatible with the American design. And that is that it began to close the door, it began to close that open door simply by saying that it wanted to control its own riches and to deploy those riches

as it saw fit. Well, any left-wing regimes in Europe, in the morrow of the war, looked like that kind of a threat. And consequently, it all looked like some kind of a plot or some kind of a manipulation that had to be contained.

And we said that the trial run of that containment, that trial run of the policy and the strategy of clipping the wings of resistance movements and of installing client governments, that the trial run took place at the end of the war, and it took place in Italy. And it took place with a tremendous concern on the part of American policymakers: that they should make no mistakes in this first confrontation between American military personnel and their American occupation and the resistance movement. And there is a kind of exquisite cruelty in that policy. The cruelty springs from the fact that this partisan movement in Italy was fighting the same enemy, after all, that was being proclaimed by the United States; that that campaign in Italy from 1943, from the landing in the south of Italy, was a hellishly difficult one, going up that kind of mountainous spine of Italy, through those Apennine Mountains. And consequently, the Allied military advance was very slow.

And all of that time in the center and the north of Italy, the partisans were fighting the same enemies. They were fighting the Nazi occupation, and they were fighting neo-Italian fascism, because you must remember that the Germans rescue Mussolini after the invasion, after the armistice of the 3rd of September of 1943. On the 7th of September, in a very dramatic glider raid, the Germans simply took Mussolini from that Apennine ski resort where he was being kept prisoner, and consequently forced back this sick old man to establish a neo-fascist regime called the Republic of Salò — because it was established in a little town of Salò on Lake Garda — and consequently, a kind of new fascist regime was imposed in the center and north of Italy, which was terribly terroristic. Because in that constabulary that the regime put together, it simply recruited all of the worst trepid proletarian elements, all of the dregs of society. And this armed partisan movement fighting against those fascists, fighting against those Nazis — and yet you see, whenever the Americans came into direct contact, they treated this partisan movement not really as an ally, but somehow, very suspiciously, and even as though it were its enemy.

And so in those areas that the Americans occupied as they moved north in the peninsula, they immediately disarmed these armed partisans, and they put a proviso that there should be no political action, no political meetings, no political newspapers, and consequently simply sat hard on this movement. But you see, what is worse is that in those areas that the Americans had not yet occupied, that somehow they were reluctant to send food and arms to the partisans, and the partisans needed that and expected it. And so very little substantial aid goes to the partisans. And then in that winter of 1944 and '45 — when the partisans were everywhere in the north of Florence, when they were all over that industrial sector of the extreme north — then the supply, which had never been very large, simply was cut off in

total. That incredible radio broadcast of the 13th of November of 1944, it was General [Harold] Alexander, told the resistance movement of the north that there would be no Allied campaign there that winter, and that they would not send arms which they needed on the Western Front. And they urged, consequently, the resistance to try to do nothing over that winter.

All of which you see, getting the message to the Nazis in the north: that they could open season on the resistance, that *la resistenza* would have no weapons, that they could round up and shoot the partisans until, you see, that it bought that partisan movement to its knees. And they went down in a delegation on the 7th of December of 1944 and signed the Protocols of Rome of the 7th of December, in which they said, "Yes, yes, in return for food, in return for guns, we promise that we will subordinate our entire activity to the purposes and the policy of Allied military occupation." And yet, to see the best laid plans, what finally happened was that it was the partisan movement that cleared North Italy. It was that uprising of April of 1945 that cleared Torino and Milano, and that simply swept aside the Nazis and created, really, an Italian popular control in the northern sectors of Italy. And you see, just think of it. Just think of it and push your imagination a little bit, in that absolutely beautiful May when the weather was so splendid in 1945. For those four weeks of May, there was a popular government in northern Italy, that there were liberation committees everywhere, that there are armed partisan bands everywhere. And that that Committee of National Liberation of Northern Italy, centered in Milan even had enough clout so that it demanded and got its demand that the Bonomi government in Rome be replaced, and it be replaced by a coalition of the left under Ferruccio Parri.

Parri, who belonged to the socialist Action Party, and Parri's government, a left-wing coalition installed in the beginning of June of 1945. And the American policymakers would not have it. And they occupied, by the end of June, northern Italy, and they remained in occupation there until the end of December of 1945. And they demanded that the partisans give up their guns, and under Communist orders the partisans did give up their guns. Just as they would do in France, just as they would do in Greece at a certain crucial moment. And beyond that, politics were suddenly banned, and what, after all, the Americans then have to do was to replace this Parri government.

Now, you see, the Parri government is sort of prototypical. It's not so different in some ways than the Allende government would be in Chile. A coalition of the left, but a little bit afraid to make a very strong class-based program, afraid of the American presence, afraid of what the Communists might do, because they were urging and canceling moderation. But the Americans didn't like it anyway. They didn't like it because the party government was soft on workers, because it wouldn't repress strikes, because it was very tough on the northern monopolists, and said that it wanted to restrict and restrain those great monopoly capitalists

of North Italy. But worst of all, that the Parri government was making strange noises: that it was saying that the nationalized oil company that Italy had ought to go and strike its own agreements with the oil producers of the Middle East, and consequently avoid the imports from the American oil companies. Well, that's going too far. And consequently, the Americans looked for a cat's paw, and they found it, of course, in the conservative parties in that coalition in Rome. They found it in the so-called Liberal Party, but especially the Christian Democratic Party. And the American policymakers love Christian Democrats everywhere. They loved it because those were the two things they were fighting for — Christianity and democracy — and here it was all rolled into one reactionary party [*laughter, applause*].

Consequently, the Christian Democrats were really the favored group, and those Christian Democrats and liberals, all through the fall of 1945, made it very difficult for the Parri government to function — stalemated it, broke it down, and finally Parri resigned in December of 1945. And he would be replaced by Alcide De Gasperi. And De Gasperi would be for Italy what [Konrad] Adenauer was for Germany, what [Georges] Bidault would be for France, what [Eduardo] Frei would be for Chile: would be the great Catholic leader combined with democracy and parliamentary forms to keep Italy in the American camp. And De Gasperi's government very quickly did its job. What it did was to purge the administration of all of the left-wingers who had gotten in in the last part of 1945. And a lot of good fascists found their way back into the bureaucracy and got their jobs back. And for that, the De Gasperi government got what the Americans could give, which was aid, which was food, which was aid to stabilize the interior situation in Italy. And then, you see, when those first elections in Communist Italy came up, and they came up in June of 1946, the Americans made real preparations for those elections. They gave to the De Gasperi government enough food and aid to stabilize internal conditions. And the Pentagon readied a regiment of parachuters just in case American military aid was necessary after the elections. There was enough bribery, enough coercion so that it worked. In those June elections, the Communists got 19% of the votes, the socialists 21%, 40% the others, after all, made up the majority behind De Gasperi.

And so, the point. And the point is that American policymakers came out of World War II not only pretty damned conscious of what kind of a world they wanted, but also, which is even more crucial, very self-conscious about their power to affect it, very self-conscious about the clout that they have. Now, that clout, as you know, after 1948 would be primarily military clout and the militarization of the American economy, the militarization of European economies, would be part of that Cold War, of that great anti-Communist crusade. But in 1945 and '46, that clout was primarily economic. And it meant, after all, the deployment of American food, American relief, American aid, really for political purposes. It's a little bit hard to swallow, I know. But American aid was not charitable, and it was not philanthropic.

And if it had been charitable and philanthropic, the United States would have done it through UNRRA [United Nations Relief and Rehabilitation Administration], would have gone through the United Nations, which was perfectly willing to feed people on the basis of need to get relief where relief was necessary. And the Americans chose not to do that: what they chose was to play politics with aid, which they played throughout this entire Communist period. And they played politics with aid by making aid, if you please, selective.

And that is so terribly important, it seems to me, in understanding what that world is about. And when I say selective, I mean that aid was used negatively, just as it was used positively. It was used to refuse; in other words, the refusal of aid was just as important as its dispensation. It would be refused to those groups, to those governments, to those countries that would not, after all, play ball with American policy, and we know about that. We have lived, after all, in the period of the quarantine of Fidel Castro. We have lived in the age when the Allende government was pressured from the outside precisely because it could not get aid. And all of that was perfectly clear in the way in which the United States treated that request by the Soviet Union, for example, for some kind of reconstruction help after the Second World War. And aid was extended in those places where the strings that were attached were acceptable or were imposed and consequently accepted.

And the distinction can be made for the year of 1946 quite brilliantly, by the distinction between the Russian loan refusal and the extension of that very important loan in July of 1946 to Great Britain, with all of the strings that were attached. And let's look at those two instances for a moment and you'll understand something about [General George C.] Marshall.

The Russians, if you can call Stalin naïve, were naïve. And the Russians really thought that the Americans might give them a big reconstruction loan, that somehow the postwar would simply continue the wartime alliance. And there's a lot of naïveté in Russian thinking all the way down from the Marshall Plan. Even at the time of the Marshall Plan, the Russians considered the possibility of asking for Marshall aid. And consequently, in January of 1945, while the war was still on, the Russians put in a request for a \$6 billion loan for reconstruction of a country that had been devastated by the Nazis. And the attitude of American policymakers really was never to take that request seriously, but not to turn it down at once. There is a certain cruelty in the deception, because the Russians are hurting very badly.

And it was the position of [W. Averell] Harriman — who was, after all, so crucial in formulating this policy, who was the American ambassador in the Soviet Union — and it was the position of Harriman that no loan should be given, but that the answer should be delayed, that all of the good behavior possible should be extracted from the Russians while they

thought they might get that help. And so we have that cardinal document of Harriman to the State Department on the 11th of April of 1945, in which he points out that Stalin had said that he really wanted that loan to assist in the Russian program of reconstruction, whose primary target was to be able to triple rushing steel production within fifteen years. And Harriman said that that constitutes a threat: that the strong Russia is a threat, that it is much better to use tenant terms, to put the pressure of no aid in order to mellow and break up this regime, or in order to show how really lousy socialism is.

And consequently, what Harriman proposed goes this way: if we were to grant such a loan, we would have to expect good Russian behavior as the price. Now, you know what Harriman means by good Russian behavior. This is a guy still smarting from the fact that in the '20s, the Russians wouldn't let him exploit the manganese deposits in the Soviet Union. And consequently, he's thinking about opening those doors not only in Eastern Europe, but in Russia itself. And he's thinking about demanding that the Russians do not concern themselves with the rest of the world. But, adds Harriman, the best course would of course be to feign interest in the loan, and therefore to make it dependent on a reciprocal cooperative attitude of the Soviet Union in other matters — in other words, to string them along to make it seem as though a loan were possible.

Well, the stringing went all through 1944 to '45, until finally the Russians scaled down their demand. And so they came in August of 1945, and they said, "Well, maybe \$6 billion is a lot. So how about \$1 billion?" But they go with \$400 million more. "We would like a \$400 million short-term credit to buy that Lend-Lease equipment that was ticketed for Russia" — that's stockpiled in United States, but that can't be sent because Truman has unilaterally canceled all Lend-Lease shipments to the Soviet Union on the 18th of August. And so, for the rest of '45, there is muddling around with this \$1 billion loan until the Russians realize, by the beginning of '46, that they will not get it: that the terms that are being suggested are far too vast, that they would open, those Americans, the Russian market to their own interest and their own desire.

Now, you see, to the consequences of Russian isolation because of that American refusal, we will return in considerable detail. But I would like only for you to remember and to keep always in mind, when you consider that kind of monstrosity of those last years of the Stalin regime — those years between '46 and '53, that are so perfectly monstrous for the Russian people under the tyranny of Stalin, and when you consider the vassalage and the clientage that is imposed by the Russians upon Eastern Europe — you must consider those things within the framework of a very narrow option that was left to the Russian leadership as a result of the vast devastation of the war and the refusal of the United States to assist. If there are other sources of Soviet conduct which are crucial, as I believe there are, if those sources have to do with the great distrust by Soviet leadership of its own people, that great distrust of

any dialogue that a socialist society should have — surely, in large part, the sources of Soviet conduct must be rooted in that very narrow terrain that was left to a country that had seen half of its land and people devastated by that invasion, and had then to work for its security on the basis of its own rebuilding out of the hide of its own people.

And in contrast to that, the British got a loan. But that tells us a great deal too, because British cooperation and British collaboration in the postwar was *sine qua non* for American policymakers. They wanted into that formal empire that the British had. They wanted into that Sterling bloc. It didn't mean that the Americans were going to open the Philippines to the British; it didn't mean that they were going to open Latin America to the British: what it meant was that the British were going to open the door to them. And consequently, that was important. Now, the British were strapped at the end of the war, and that could be to the American advantage.

The war had practically bankrupted Great Britain. In the course of the war, the British had had to divest themselves of \$1.1 billion worth of foreign investment. In the course of the war, they had built up an indebtedness in the Sterling bloc of about £4 billion. And consequently, their debt was tremendous — they really were bankrupt. Now, you see, that works two ways. Either that means that the British will come hat in hand to the Americans and agree to anything, or it means that they will turn to that Sterling bloc and bind it to them ever more tightly in order to be secure in their trade and resources from that imperial closed market that they had. And that second alternative seems to be what the British were about, and it constituted a threat to the American design, because the British did impose what is called non-convertibility.

In other words, in India or in Australia or in the British colonies, there had been built up in the war considerable foreign reserves, considerable earnings in foreign currency, and the British imposed the rule of non-convertibility: that those foreign currencies could not be converted into any other currency except pound sterling. Which meant that those dollars that the Indians had earned, or the Australians during the war, that they would now have to be spent in Great Britain for British goods. And the British would then have the money with which to buy what they needed. And consequently, they imposed import restrictions ever more tightly upon this Sterling bloc.

And then Harry Truman — the greatest president in American history, it now says — Harry Truman, after all, decided that he would act up. He had come out, after all, of the Kansas City political machine, and he knew how to deal with these hard problems. So Truman decided, unilaterally again, on the 21st of August of 1945, that there would be an end to all Lend-Lease shipments to Great Britain. And the Labour government, which had been invented just weeks before in July of '45, under the leadership of Clement Attlee, suddenly

was catastrophe. And Attlee confessed later that when Lend-Lease was simply abruptly cut off flat that way, there was no alternative for Great Britain but to go hat in hand to Washington and to beg for a loan.

Now, Great Britain got that loan. It was finally passed through the House of Representatives on the 13th of July of 1946. And it was a loan of \$3.25 billion at 2% interest. But in the tough bargaining on that loan, the Americans gained all that they wanted, because the British promised to end all import restrictions into the British Empire and the Sterling bloc. They promise to end the principle of non-convertibility, and in that loan agreement itself, the British agreed "to take definitive measures for the relaxation of trade barriers of all kinds in all parts of the British Empire."

Now you see, if you are an old British imperialist, if you are an old conservative who really has been in the empire all of your life, you can smell imperialism when it enters the room. When Lord Amery, who was an old British Tory, wrote a book about the loan agreement in '46, a book called *The Washington Loan Agreements*, he wrote this about it, which was precisely to the point: "We are confronting in these negotiations, the robust buccaneering spirit of modern American economic imperialism." Well, you know, there was almost a half admiration in what Amery said. "The British Empire is," after all, "the oyster which the loan will now proceed to pry open." And that, you see, was precisely its point, and precisely a kind of dovetailing within the framework of American policy.

Now, there's something about that British loan negotiation that is crucially important, and that you must really note in your imaginings. And that is that when Truman and American policymakers went to the Senate, and when they went to the House of Representatives, and when they went to the public, and they talked about that loan to Great Britain, it was in purely economic terms. There was no book founding; they simply said they needed markets. They didn't want restrictions: they wanted free trade for American enterprise. That's the way business leaders phrased it and so forth. It was nothing about the Russian methods, nothing about making Great Britain strong against the Communist threat, nothing about Soviet imperialism, whether it made Britain strong or weak, or whether she was pro-Communist or anti-Communist. None of that entered into the discussion. But you see, policymakers found that there wasn't such a hot public for this kind of giving away this money which they never thought they might get back. American publics, you know, are always a bit reluctant. They think that only Finland paid its debt in World War I, and so forth and so on. And, consequently, you give this loot away and you never see it again. And it was 1946, and then there's a Labour government in power which is giving money to socialists. And then the Irish didn't like it, giving money to Britain. And the Zionists didn't like it, giving money to the anti-Palestine people. And consequently, there was all sorts of opposition, and it really just

squeaked through the Senate: it squeaked through 46 to 34. And it squeaked through the House of Representatives 219 to 155.

And in the final analysis, an argument that simply slipped into the discussion, that really hadn't been very meaningful, became a turning point argument. Because in the later stages of the discussion, they slipped into the argument the idea that you had to strengthen countries against a possible Soviet attack. And so we get that remarkable letter that was written by John Taber, who is the ranking Republican in the House Appropriations Committee, to [intelligence liaison and future CIA director] Allen Dulles on the 13th of July of '46, the very day the loan passed, and he said categorically, "I have felt that the loan was sadly based on just one thing, that helping to build up a buffer state which would be friendly to us against Russian aggression." Now, that was in no way the design of loan imperialism. I mean, it has never been the design of loan imperialism. But you can see what it meant to American policymakers that opinions really softened, when that particular issue was raised. And from mid-'46 on, all loan discussions, all aid discussions, increasingly talk about the Soviet menace which hadn't been there at the origin of this effort really, to simply create and construct this open-door empire. And if you soften publics that way, *tant bien*, and consequently to have a much easier time of it, until you finally get to such a point where we're all terribly soft-headed, and all of us had been soft-headed about that sort of thing. Or maybe all of you have been. I've never been soft-headed that way.

But it suffices to say that you finally get to 1964, and you get the Johnson administration running it with an absolute lie about the Tonkin Bay. And suddenly the whole Congress voted for imperialistic powers to the executive branch of the government all because presumably there was some kind of Communist menace in the Tonkin Bay at that particular moment. Well, all of that you see, gets a very interesting start here. You started off with an economic transaction, and you end it like good Americans with a moral crusade.

All of which gives us, then, certain kinds of procedures, and certain kinds of general observations in these preparatory remarks to keep in mind about the question of the purposes and the capacity of American power in the postwar world. And it really brings us, if you please, to the beginning of our course. And it really brings us to the very doorstep of contemporary history. It brings us to the beginning of that very great transformation that American power would work in so many societies of the world. We said that there was a trial run in Italy in the course of the war of a containment policy. But that trial run in Italy was really very uncomplicated. It was almost benign. It really was very simple. Gradually, as the policy of containment begins to spread to more areas of the world, it becomes more complicated, it becomes more arrogant, it becomes more imperial. And consequently, this history, or the effective history of that transformation, really begins in Greece.

And it is the Greek experience that we really have the cornerstone of what this world in shaping is. And it is about Greece that I want to begin to talk, and in some considerable detail, and for several reasons. In the first place, because in Greece in those phenomenal years between '44 and '49, it is in Greece that all of the components of our understanding and of our analysis are brutally clear. It is there that we see the American capacity to replace British power, because it was British power that had been supreme in Greece throughout its modern history. It is in that Greek experience that we see in very crystalline fashion, the essential conservatism of the Soviet Union about the European revolution, and its unwillingness to make any risk for that revolution. It is in Greece that we find American policymakers articulating and elaborating the policy of containment. Because Greece, after all, was the target of the Truman Doctrine of March of 1947. And just twenty years later, in April of 1967, it would become the playground of the CIA in that coup in which the junta overthrows the civilian government of Greece.

And so for that reason that it is crystallized, it becomes important. But secondly, that it is in Greece that the threat of the left is not academic or potential — that the threat of the left is very real. And it is inscribed in a very violent and very bloody civil war. A civil war, after all, which was generated by an unregenerate right that knew it could tap on British help, and that provoked an armed insurrection from below. And to that armed insurrection, Americans addressed themselves in 1947. And they moved in to support one reactionary Greek government after another, to foreclose whatever revolutionary hopes there might have been in Greece and to open a market. And then it is in Greece that you have what American policymakers call the first real miracle. And it is about that miracle — by which we mean the development of a country, by which we mean the pulling up from the bootstraps of an underdeveloped society by the gift and largesse of American aid — it is about that miracle, after all, that Americans have often thought when they have pointed to that Greek operation. And I'll tell you parenthetically that in April of 1967, there was celebrated on this campus of the University of Wisconsin twenty years of Truman Doctrine democracy. And they brought all of those people who were the architects of that policy to talk about how magnificent the development of Greece had been, how democracy was functioning. And while the conference was on, the military coup took place in Greece [*laughter, applause*].

Now, you see, this is a problem that affects all of our thinking about the Third World. It affects all of our thinking of the American position in the world. You see, when we talk about development in Greece, when we talk about it as a miracle, always we point to aggregate statistics, and then the aggregate statistics of growth, and so that already we begin to make the confusion between growth and development. We look at aggregate statistics and we say that the growth rate is 6% per annum increase, and we do not ask the question of who gets the wealth? And do some get poorer? And who has the investment opportunity? And it was a Greek economist of some note, Professor [Markos] Mamalakis, who was to write in

1962, after five years of American aid, something that he could say for the entire period — note it well: "The restoration of national production and the availability of American aid mean that aggregate incomes are larger than before the war. And yet it is well known that the incomes of a large section..."

[*audio cuts out*]

... that between '52 and 1970, the average growth rate in Greece was to the tune of 6% per annum. But if you look back at those aggregate statistics broken down, you find some phenomenal things. You find, for example, that in the manufacturing sector of the gross national product, that that manufacturing sector — which is an index of development and not just a growth of capital — that that manufacturing sector which occupied 17% of the gross national product in 1952, occupied 18% of it in 1970. That the industrial workforce in the active population constituted 13% in 1952 and constituted 13% in 1970. You see what you are talking about? That growth, in terms of that kind of aggregate statistic, means the pumping into the Greek economy of all kinds of military aid. It means the pumping in of foreign investment by the United States. It means, after all, the emphasis and stress upon shipping and upon tourism. It means not real development. It means, as the economist pointed out, that some got richer, but most got poorer, relatively. And, you see, it brings us to the question, and I would really like for you to try to understand me about this, because I feel very deeply about a country like Greece.

And it is all about a country trying to break out of a vicious cycle of under-development and of poverty. That really is what the Greek Civil War ultimately was a chapter of. And when you talk about under-development and poverty, and you look at a country like Greece historically — you can use any index you like — and it is not a good society, or a society in which even that small population can live well. Do you need the index, after all, of social data that in the 1930's that the statistics on malaria, on tuberculosis, on infant mortality were among the highest in all of Europe in Greece? That illiteracy rates were among the highest in Europe? That the emigration throughout the 20th century was constant, simply because Greeks had no opportunity and they had to flee? You look at the index of industrialization, and you get down to 1939, and you deal with a society in which 90% of all industry is carried on in the shops with five workers or less. And you get down even to 1959, thirty years later, and 94% of all industry is carried on in shops with ten workers or less, and 8/10ths of 1% of all industrial producing units produced 45%. And they, after all, are the ones owned by foreign investments. Or you look at the index of agriculture, and you look at an agricultural system in which the biggest stake is not the play, but in which parcelization is the play, in which the big Greek peasant lives on the plot of land generally divided in five or six different units that really is so small that he cannot properly survive, and that he cannot properly apply technology to. And that he produces those semi-luxury goods — olives and currants and

raisins and tobacco — which are the most volatile on a world market. By any index you choose, you are talking about the problem of under-development.

Now, I raise that because, you see, when the British go into Greece in the 1940s, or when the Americans replaced them in 1947, they don't go in with that sense that there is a vertical past — in other words, a history of a problem that digs deeply into the past of that people. They come in horizontally, and they say that the issue is freedom versus Communist tyranny, that the issue really is the free world versus the slave world. And really what happens is that the whole-historic crisis of a people gets hidden and gets submerged by that kind of rhetoric and by that kind of analysis. You see what I am asking you to do? What I'm asking you to do about any problem of the world is to understand that the people that are involved in that problem have a history, and that when they come upon you, in your history, it is as of a moment. And that that history, after all, of their own is the one that defines their problem.

It was a magnificent Vietnamese, a Vietnamese who is in the delegation (or was the delegation) in Choisy for the North Vietnamese at Paris, who once took me into a private room and said to me, "You know what I most criticize you Americans about? That you came into Vietnam, never having been in our history, knowing nothing about our history, never having even had travelers there of note, and consequently you seek to define our destiny. Our destiny is rooted in all that we have fought for, and all that we have defined by ourselves."

And so even though it is a tedious thing, it is important, after all, to go back into the history of a people and to define the problem as it emerges at that moment of contingency or contact with your own country and with a particular foreign policy. And I don't want to bore you with a long history of the Greek monarchy and of nineteenth-century Greece, but I want to crystallize it this way, so that, in a sense, it becomes clear from the point of view of a hypothesis of understanding. And that is, that if you deal with that entire history of the modern Greek state, from the time of independence against the Turks — which was won in the year 1830 after a long nine-year war of independence against the Turkish Empire — if you go from that 1830 down to the outbreak of the civil war in the middle of the 1940s, that the crisis of Greek history is the crisis of stagnation. It is the crisis of semi-colonialism. It is the crisis of the incapacity of any viable social force inside Greece to bring to fruition a national revolution: that there is a truncated history in the modern Greek state, and that the Greek people have suffered from that.

Look, that they fought their war of independence in the 1820s, and that foreign powers got into it — the foreign powers Great Britain and France and Russia, always interested in everything that happened in the Turkish Empire — and so when that war of independence finally ended in 1830, it had begun with certain liberal principles by that tiny Greek bourgeoisie. It was the Filiki Eteria, which was the Fellowship of Friends that had posed

liberal French Revolutionary goals for this war of independence: that there should be a republic, that there should be a constitutional regime. But what happened was that the victory was taken from the Greeks. The foreign powers, right from the very beginning in 1830, imposed first a monarchy, then a foreign monarchy, if you please. The son of Ludwig of Bavaria, called Otto, went down to be the King of the Greeks, not speaking the language, bringing with him Bavarian troops, bringing with him Bavarian bureaucrats, ousting the Greeks from their own administration and ruling tyrannically down until 1862.

And it's in 1862 that Greek history gets a little bit of a push, and you get a constitutional revolution. And it comes partially out of the army, and partially out of a growing bourgeoisie — our comprador bourgeoisie, one that is dependent upon the foreign trading houses and with the help of the British who want the primary influence in Greece. They oust the monarchy of Bavaria, and they bring in, well, another monarchy. And they bring in a Danish monarch now called George I, the great-grandfather of the recent Constantine, and consequently the Danish Glücksburg house begins.

But there is a constitution and in the 1880s and the 1890s, there's sort of the beginning of a little bit of a national bourgeois revolution. And you begin to get a little bit of that infrastructure, of the roads and the railroads and of a consolidation of the interior market. But, you see, that Greek bourgeoisie doesn't know how to handle it. That's crucial. It never knows how to handle it. And consequently, in order to make this kind of infrastructure, it is [Charilaos] Trikoupis who is the key figure in this little bourgeois effort in the 1880s and early '90s. It is Trikoupis, the prime minister, who makes the policy of bringing in loans from the outside. And finally, the Greek indebtedness is so great in the 1890s that the so-called service on the Greek debt is about 30% or 40% of the entire budget. And consequently, you end the nineteenth century and you still have not come close to a national bourgeois revolution in that country in order to develop it. And then, you see, there is that *révolution manquée*, that revolution that never came off.

And it is a crucial problem before the civil war in Greek history. And it is the problem of Eleftherios Venizelos, and the problem of Venizelos — well, you should understand this — you should understand, it's the problem of Roosevelt, and Kennedy, and all those people. It's the problem of all these big talkers, of all these people that have charisma, of all these people who tell you they're going out for new frontiers and making *élan* in society, and they're really co-opting any kind of revolutionary force. Venizelos, if you pardon the expression, was a cretin — he came from the isle of Crete [*laughter*]. But it suffices to say that he was a leader from the isle of Crete who was brought in in a kind of army coup, a progressive army in 1909. And the king, George I, had to name him the prime minister. And Venizelos passed as a sort of a radical, and he came in and he pushed through certain laws, forcing expropriation of big estates, forcing social security. None of those laws really worked. But the point is that

Venizelos gave the Greek people the feeling that there was some kind of viable change in Greek society, and it was beginning to develop.

Eleftherios, fundamentally, this is an imperialist. What he is interested in irredentism, is getting into a Greek state all of the Greek colonies that really are outside of that little monarchy that was established in 1930. And he goes into the Balkan Wars and into the First World War and so forth in order to expand the Greek state — but always the problem of development, always the problem of a viable approach, really, to the standard of living, to a viable human community. All of that simply drains away in the rhetoric of Venizelos.

The Greeks did all kinds of things. And they went through that ten years between 1925 and '35, in which they even had a short-lived Republic, and it didn't work. They came all the way down into the 1930, and the problem is still the same problem. Will there be an end to this aborted revolution? Will there be a genuine national revolution, and can you overcome that weight of Greek history? And the weight of Greek history is that there is always the foreign power that intervenes, always the British influence that is predominant, always the co-optation by liberal politicians of what is really a revolutionary force below, always the possibility of a right-wing intervention by the army. All of that comes out of the Greek history. Gee, don't forget that, because when you meet the Greeks in that civil war, they have their problems. They are not invisible. Blacks in your country have not been invisible, but they have had to make themselves visible. Well, Christ! The Greeks had to make a civil war before anybody realized that it was something else but a place where you spend your vacation. [*applause*]