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## IV. FDR's Forgotten Plans for Post-War Asia

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WHO RUNS REGIME-CHANGE OPS AND WHY?

# When the United States Offered the 'Belt and Road' to China

by David Shavin

### Preface

Aug. 10—Seventy-five years ago, in the summer of 1944, the United States offered a “Belt and Road” policy for the massive economic development of China. The British elite’s immediate response was to attempt a regime-change operation in the United States. Hence, a story for our time.

At the time, it was the American policy of President Franklin D. Roosevelt. His Vice-President, Henry Wallace,<sup>1</sup> took the lead in the promotion of America’s policy of ending colonial backwardness throughout the world. In 1940, Roosevelt had forcefully insisted upon Wallace as his new Vice-President. He threatened the reactionary and racist elements in his own Democratic party: If they didn’t submit to Roosevelt’s choice of Wallace, Roosevelt himself would not run for President. Roosevelt knew that in order to defeat Hitler, the United States would have to overcome its justified distrust of European wars, and that the only just basis for doing so was to adopt a war goal of ending British, French and Dutch colonialism. To actually have a “war to end all wars,” unlike the fatally-flawed World War I, to complete the job, the massive war-fighting capabilities would have to be harnessed for massive economic

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1. Henry Agard Wallace, a Lincoln Republican, was Roosevelt’s Agriculture Secretary for the first eight years of the administration. His scientific work involved, among other things, the development of improved agricultural seeds. See: Robert L. Baker’s “Henry Wallace Would Never Have Dropped the Bomb on Japan,” *EIR* Vol. 30, No. 43, November 7, 2003.



FDR Presidential Library/Everett Collection

*Vice President Henry Wallace and President Franklin Roosevelt, on March 10, 1942 before a radio broadcast against inflation.*

development—literally, beating swords into plowshares. In 1940, this was Roosevelt’s thinking—hence, his insistence upon Wallace as his Vice-President and as the key promoter of an American foreign policy of massive infrastructure projects and the elimination of poverty.

The U.S.’s “Belt and Road” proposal, written by Wallace, was entitled *Our Job in the Pacific*. It was published in tandem with Wallace’s mission to China in June, 1944. However, in June, 1943, British Secret Intelligence had purloined a draft copy of Wallace’s paper, and were horrified by what they saw—the end of their Empire.

Then, as now, the British Empire—centered in the City of London financial enclave—faced an existential crisis, and proceeded to risk everything, gambling that they could force a regime change in the United States. In direct response to Wallace’s draft, in the summer of 1943, Prime Minister Winston Churchill—along with the head of MI6, Stewart Menzies, the head of MI6’s outpost in the United States, William Stephenson, and the British ambassador in Washington, Lord Halifax—all demanded of Roosevelt that Vice-President Henry Wallace be removed. Their demand was explicitly and specifically based upon their complete opposition to the United States’ plan to industrialize and develop China. How a clever, and not unsophisticated, Roosevelt dealt with the British regime-change demand is a bit of a complex story, but one worth telling.

But first, a word of explanation. The vaunted spy capabilities and covert operations of the British Empire are highly dependent upon identifying and exploiting the weaknesses of nations and of their leaders. Blackmail, rumors leaked to the media, destabilizations, assassinations and the like, in the end, always depend upon their target’s susceptibility to retreat into the role of a victim.

The classic case is that exposed by the Greek playwright, Aeschylus. In his *Oedipus* trilogy, the tragic actions of Oedipus—killing his father and bedding his mother—are the result of his parents’ willingness to believe the Oracle of Delphi, and to guide their actions under the reign of a magical power. Oedipus is unaware of the identity of his parents precisely because they responded to the oracle’s “prediction”—by sending their infant child away. They took the precise and necessary action that could make the oracle’s prediction work. Such a victim frame of mind is the hidden, but critical, component of the operation.

However, neither the Roosevelt/Wallace offensive nor the Xi Jinping’s current “Belt and Road” offensive are those of victims. Consequently, they pose special problems for the British. While the Empire’s dirty tricks may appear invincible (and are inevitably portrayed that way), they don’t appear quite so magical in the light of day. Hence, an examination of the Empire’s regime-change operation of 1943/44 may cast some needed light on the turbulent hysteria of today.



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Left to right: Chairman of the Republic of China Chiang Kai-shek, U.S. President Franklin Roosevelt, and UK Prime Minister Winston Churchill in Cairo, Egypt on November 25, 1943.

## I. The American ‘Belt and Road’ Offered to China

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In June, 1944, Vice-President Henry Wallace travelled to China and presented America’s policy to industrialize China, along with modernizing her agriculture, as the lynchpin of ending colonialism in Asia and the post-war world. Here are select components of his *Our Job in the Pacific* booklet:<sup>2</sup>

There is no doubt that in Eastern Asia, American investments can be made to result in such a rapid raising of the standard of living of a billion people—half the population of the world—as to unleash significant forces for the peace and prosperity, not only of America but of the world. [Asia needs capital and technical knowhow.] America’s need will be to utilize fully our greatly expanded industrial capacity. [Post-war full employment matches the] great need of our goods to use in their reconstruction and rehabilitation programs. . . . To form a balanced opinion [as to how much investment,] we need to look forward

2. Henry A. Wallace, *Our Job in the Pacific*, American Council of the Institute of Pacific Relations, June 1944.

to the kind of world we shall be living in twenty years from now, for it is conditions then which will have a bearing on the ability of the borrowing countries to repay....

Wallace then proceeds to estimate repayment ability based upon the physical expansion of imports and exports generated:

We now have enough knowledge to create miracles in our environment which can transform the economic life of vast numbers of people.... [This is exemplified by] what the TVA has done for the poverty-stricken land and people of the Tennessee Valley, the productivity that has been stimulated by the power that emanates from the [Grand] Coulee Dam.... Industrialization will raise the standard of living of Asiatic peoples and create new markets for American goods and opportunities for American investment, involving questions of government loans, credits and tariffs; but all this will be possible only if accompanied by improvements in Asiatic agriculture. [It's important for] ... enthusiasts for industrialization not to get too far ahead of agricultural improvement....

[Presently, 80% of a billion people live on very small farms with primitive tools, with maybe an ox, a donkey or a simple water wheel. Hence, the value of a day's work is about \$0.20 (25 to 50 times less than in the U.S.), and it takes four to five farm families to support one city family, about the stage we had reached in America when we escaped the British colonial system (1790's). But now (1944), in America, one farm family supports four to five city families. Industrialization requires great efficiency in agriculture as a base; otherwise, industries would just turn the former colonies into cheap labor for advanced countries. Further, public health goes hand-in-hand with industrialization. Presently, there is] ... great human debility from disease associated with bad water, from malnutrition, malaria, hookworm, tuberculosis and venereal diseases. [This is neither natural nor genetic. Rather,] the peoples of Asia created several high and sophisticated cultures distinguished by the range of their philosophic thought, the depth of their religious feeling, and the early develop-



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*Henry Wallace with Chiang Kai-shek and Madame Chiang.*

ment of some kinds of scientific discovery, especially in astronomy, mathematics and hydraulic engineering. [But industrialization in the West in the 19th century left them behind.]

A free, strong, prosperous and democratic China could serve as an immensely powerful stabilizing factor in the Pacific ... and if the time comes when a democratic China can cooperate with a free India, the trend toward freedom in Asia will be assured.... There are still people, over-influenced by crude theories of power politics, who raise the question whether China might not become too strong....

Wallace then quotes from Chiang Kai-shek:

China has no desire to replace Western imperialism in Asia with an Oriental imperialism.... [Wallace continues:] It is vital to the United States, it is vital to China, and it is vital to Russia that there be peaceful and friendly relations between China and Russia, China and America, and Russia and America. China and Russia complement and supplement each other on the continent of Asia, and the two together complement and supplement America's position in the Pacific.

Wallace provided a map with "Subject Asia" in black and "Free Asia" in white. In the former, Subject or Colonial Asia—including India, Dutch East Indies, Indo-China, Burma, Malaya and many islands—it

is to our advantage ... to see an orderly process

transition [out of colonial status. Further, Wallace emphasized that] the moral benefit to America herself of the assumption of leadership will not be lessened by the fact that only by making others prosperous can we preserve and increase our own prosperity.... Until all Asia is free and prosperous, our own prosperity and freedom are in danger.

On June 21, 1944, in his initial meeting with the head of nationalist China, Chiang Kai-shek, Wallace presented his policy for the massive expansion of China's industry and agriculture. Wallace's diary simply notes that he explained to Chiang that China's agricultural and industrial sectors can be greatly strengthened with key input from the United States; and in this context, there was a basis for Chiang's Kuomintang government and his Chinese Communist opponents to both benefit, and so, to work out a united government. Further, a modus vivendi between Soviet Russia and non-communist China could be worked out.

At that very time, back in Washington, D.C., a group of Democratic Party political hacks were working overtime, attempting to dislodge Wallace. This article will expose them as underlings of a British operation initiated one year earlier. The evidence indicates the regime-change operation was initiated by the British elite in June, 1943. Only afterwards did they bring in the clowns.

## II. Background: FDR's Project to End Empires

Until 1940, never had a two-term U.S. President sought a third consecutive term. However, 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.

However, to stop Hitler, 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, the only justification for such a strategic intervention by America would be on the basis of ending colonialism, of ending



Univ. of Iowa/Wallace Collection

*On his South American goodwill tour of 1943, Henry Wallace is greeted by President Manuel Avila Camacho in Mexico.*

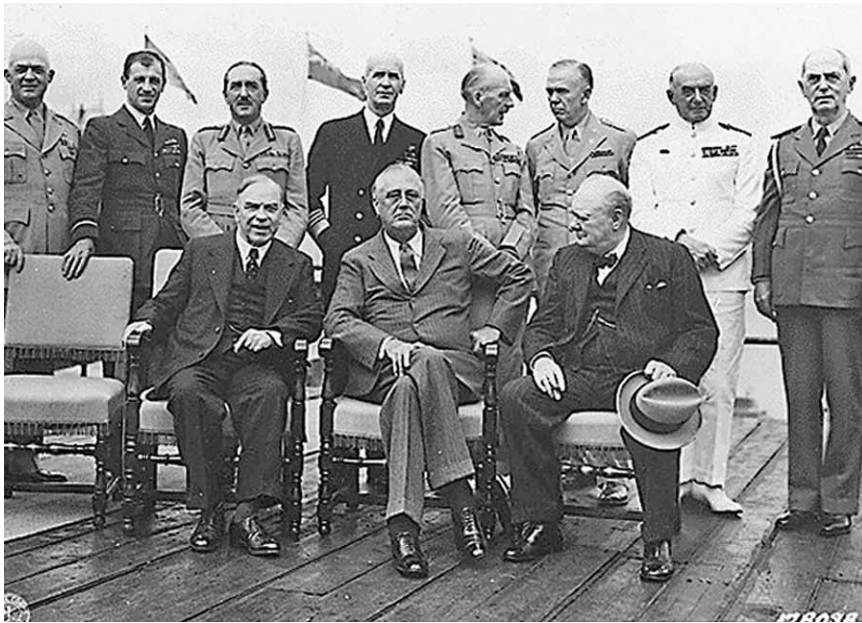
the geopolitics that had brought Hitler to power. Roosevelt's thinking was part and parcel of his decision to pick Henry Wallace as his Vice President, to ramrod his nomination past the Democratic Party hacks, and to assign Wallace the task of leading the charge around the world for an American, anti-colonial economic development program for wiping out poverty.

Prior to Wallace's trip to China, 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.

Briefly stated: It was no secret that the primary imperial policy of London in the 1930's had been to have fascist Germany arise and make war against Soviet Russia, until both of these two continental powers bled each other to death. However, in 1939, Stalin—after years of failed efforts to get Western powers to work together to deal with the Hitler problem—cut his own deal with Hitler with a non-aggression pact. The Frankenstein monster, Hitler, was now turned westward. The Neville Chamberlain crowd in England had been outplayed by Stalin, and Churchill came into power as Prime Minister to lead a war cabinet.

There is a documented record of the deep policy division between Roosevelt and Churchill as to how the post-war world would be designed. In sum, the British always intended to re-impose their empire after their





FDR Presidential Library

Left to right: Canadian Prime Minister Mackenzie King, U.S. President Franklin Roosevelt, and UK Prime Minister Winston Churchill in Quebec, Canada, August 18, 1943.

war, and they fully intended to have Russia and Germany bleed each other to death. This was at the core of Churchill's ridiculous maneuvers, games, and outright lies to avoid fully engaging Hitler in war, to delay opening up the promised Second Front in 1942, in 1943, and—if Churchill had his way—also in 1944. One cannot properly evaluate how Roosevelt attempted to handle the regime-change push of 1943/4, outside of this strategic reality.<sup>3</sup>

At their first major conference, in August, 1941, at Placentia Bay off the coast of Newfoundland, Canada, Roosevelt laid down his conditions to Churchill in his 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 a war aim of ending poverty, “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.

Henry Wallace took to the radio, on May 8, 1942,

3. A study—beyond the scope of this article—of the Roosevelt-Churchill interchanges at their conferences from Argentia Bay in 1941 to Quebec in 1943 would document Churchill's persistent lying to Roosevelt, in defense of his geopolitical game; and Roosevelt's appraisal as to how to deal with such a lying ally.

amplifying Roosevelt's “Atlantic Charter” orientation with Wallace's “Century of the Common Man” speech.<sup>4</sup> 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. Either choose to progress or submit to fascist tyranny. Further echoing Lincoln, whose Second Inaugural addressed the reason for the existence of the evil of slavery, Wal-

lace confronted Americans with the reason behind the evil of Hitlerian fascism. As evil as Hitler was, the world must become better from finally dealing with mistakes that had allowed such evil.

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:<sup>5</sup>

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.<sup>6</sup>

4. Later, Wallace produced a widely-circulated [film version](#) of his radio speech. Of note, Wallace had taken up the challenge to Roosevelt's approach coming from Henry Luce's “American Century” editorial, published in his February, 1941 *Life* magazine.

5. [Churchill's speech](#) at Mansion House. The Mansion House is the official residence of the head of the “City of London Corporation” (who is, simultaneously, the Lord Mayor of the “City of London”—that is, not the Mayor of London, but of the financial enclave within, and distinct from, London).

6. Martin Luther King, Jr. explicitly cited Churchill's Mansion House address, to characterize the problem of the entrenched imperial mindset. (King's 1957 sermon to his Montgomery, Alabama congregation was given upon his return from witnessing the birth of Ghana and the inauguration of Kwame Nkrumah as Prime Minister.)

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...<sup>7</sup>

### III. **Churchill: 'All You Get Is a Dirty Brown'**

For the first year-and-a-half of 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, it was Henry Wallace who took the lead in confronting Churchill. In May, 1943, Churchill came to Washington, to sabotage yet another invasion agreement.<sup>8</sup> 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—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 May 22nd: "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:

7. Robert E. Sherwood, *Roosevelt and Hopkins: An Intimate History*, 1949.

8. This was the May, 1943 Trident Conference. At the January, 1943 Casablanca Conference, Churchill had delayed the spring, 1943 invasion to August, 1943; and Stalin had responded with a recitation of the broken promises.

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.

Finally, 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."<sup>9</sup>

Wallace's intervention threw cold water onto Churchill's game.<sup>10</sup>

That weekend, the British drew a big bulls-eye around Wallace's head. Lord Halifax deployed his agent, Roald Dahl, to make it known to Wallace that he had crossed the line.<sup>11</sup> Sometime within the next one to

9. Evidently, Churchill and Hitler, in their youth, had studied at the same school of painting.

10. Eleanor Roosevelt commented, later in 1943: "Henry Wallace has come out in the last year. He is showing signs of leadership. That pleases me."

11. Roald Dahl conveyed the message to Wallace via Charles Marsh, Texas newspaper tycoon who ran a political salon on 17th Street, NW,

four weeks, British intelligence had purloined a copy of Wallace's draft of *Our Job in the Pacific*.

#### IV. **Churchill Retaliates: Steals Wallace Manuscript**

The story offered, decades later, by the British spy, Raold Dahl, was that, in June, 1943, the draft copy dropped into his lap. It seems that Charles Marsh, Wallace's associate, merely desired ex-pilot Dahl's thoughts on the subject of the future of aviation, as developed in Wallace's draft (even though one would be hard-pressed to characterize Wallace's draft as a work on aviation). Dahl's version stretches credulity: While in Marsh's apartment, he was able to: a) rapidly evaluate the intelligence value of the forty-odd pages ("an immensely secret cabinet document" that "made my hair stand on end. . ."); b) call his contact with the BSC, (British Security Co-ordination), the British MI6 covert operation in America; and c) get the manuscript to a courier who was able to copy and return it. And all this was done within thirty minutes and without Marsh taking notice.

What Dahl does not mention is that, for the previous six months, he had been dispatched by Lord Halifax, the British Ambassador in Washington, to spy on Wallace. In the fall of 1942, the British film director, Gabriel Pascal, came to Washington, supposedly to pitch a film project to Wallace. (Of course, the film was never actually produced.) It was to expand upon Wallace's themes from his "Common Man" speech. The film would show a post-war world where good had triumphed over evil, where Wallace's common man had prevailed.<sup>12</sup> Charles Marsh would finance it and Pascal

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in Washington. The next day, May 25, Wallace entered into his diary: "Charley Marsh told me that it had just come to him during the last few days that the British had their fingers crossed so far as I was concerned."

12. Gabriel Pascal was famous for film adaptations of George Bernard Shaw's works. (As a youth, Pascal had first impressed the much older Shaw, when he came across Shaw swimming naked. Shaw dared the young Pascal to strip and join him in the water—which the boy did without hesitation.) Otherwise, Pascal worked under the mystic, Meher



LoC/Carl Van Vechten

Roald Dahl

would select Dahl to write the film script. In December, 1942, Pascal met with Lord Halifax at the British Embassy in Washington, whereby Dahl received his assignment, and, the next day, Dahl was introduced to Wallace.

Dahl saw both Marsh and Wallace over the next six months, hanging around Marsh's salon and serving as a tennis partner for the athletic Vice-President. In mid-June, 1943, Halifax and another man joined Dahl and Wallace to play doubles. Curiously, this was precisely the time that Stephenson obtained Wallace's draft document.

The copy of the manuscript quickly made its way to Lord Halifax; to William Stephenson, the head of the BSC; to Stephenson's

boss, Sir Stewart Menzies, the Chief of MI6; and to Churchill. All were mortified. Dahl relates: "I was later told that Churchill could hardly believe what he was reading." Later, Dahl would sound out Marsh, "You know Churchill is likely to ask the President to get a new Vice President."<sup>13</sup>

#### V. **Dahl's Cover Story**

Prior to his "Wallace" assignment, Dahl had mainly been employed by Halifax's Embassy to bed influential Washington women, such as Congresswoman, Clare Boothe Luce.<sup>14</sup> He was a tall, handsome British pilot, who had been built up into a war hero, as he had survived a plane crash in North Africa. In fact, he had simply run out of fuel, while transporting a plane through a non-hostile area. It became his ticket out of the front

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Baba, in India. (Baba frequently cited Pascal and Friedrich Nietzsche as his models of geniuses that he had met over the years.) Both Pascal and Hitler made the list of the "world's famous men of 1938"—as defined by Henry Luce's *Time* magazine.

13. Both quotes may be found in Jennet Conant's *The Irregulars: Roald Dahl and the British Spy Ring in Wartime Washington*, 2008.

14. Dahl complained to Halifax that he was "all f—— out" because Clare Luce "had screwed [him] from one end of the room to the other for three goddam nights . . ." Halifax maintained that he must perform his duty. Possibly true, but Dahl was a story-teller. (Churchill's son, Randolph, was another of Luce's lovers.)

lines, whence British intelligence sent him to Washington, as a military attaché at the British Embassy. The British Information Service proceeded to compose a “shot-down-in-action” magazine story on Dahl, which was then folded into the 1942 movie, *Eagle Squadron*. (Dahl’s “co-authorship” of this fiction was actually the beginning of the writing career, for which he would later attain his celebrity.) Dahl attended a party for the release of the movie, one given by Helen Ogden Reid, a family friend of MI6 head Stewart Menzies.<sup>15</sup> Such was the creation of a British war hero in Washington.

According to Dahl, a few months after his introduction to Wallace, he managed an entrée to the White House via Eleanor Roosevelt. The screenwriter Dahl of 1942 was employed by Walt Disney for a cartoon—also never produced—of a story of mysterious little gremlins that would mess with the workings of aircraft. (Assumedly, the same gremlins had emptied Dahl’s fuel tank, causing his crash.) Dahl’s script became a children’s book, *The Gremlins*, which, in the spring of 1943, he sent to Eleanor Roosevelt.

Dahl and his roommate, British assistant naval attaché, Lieutenant Richard Miles, were both invited to the White House (on June 1, 1943), and to Roosevelt’s home, Hyde Park (the July 4th weekend). Dahl explains the invitations as due to Eleanor finding his book charming. Dahl reported back to Stephenson on Roosevelt’s reactions at Hyde Park to Churchill’s phone calls. It was sometime in between the two visits to the Roosevelts that Dahl “accidentally” ran across Wallace’s draft. Shortly afterwards, Dahl was rewarded with a promotion to “Squadron leader, Wing Commander.”

## VI. Stephenson: ‘I Took Action’

William Stephenson described his response to Dahl’s purloined manuscript: “I came to regard Wallace as a menace and I took action to ensure that the White

15. Helen Ogden Reid’s father-in-law, Whitelaw Reid, was the Anglo-ophile U.S. Ambassador to Great Britain, 1905-1911.



Walter Stoneman



*Sir Stewart Menzies, Chief of MI6 (1939-1952) (left); and Canadian Sir William Stephenson (code name Intrepid), senior representative of British Security Coordination for the western hemisphere during World War II.*

House was aware that the British government would view with concern Wallace’s appearance on the ticket. . . .” Stephenson’s intermediary with the White House was a dubious character, one Ernest Cuneo, the official American liaison with Stephenson’s BSC. Though paid by the U.S. government, Cuneo would prove to be a complete lapdog for the British Empire.<sup>16</sup> Undoubtedly, Cuneo was Stephenson’s official vehicle for ensuring “that the White House was aware” of their “Wallace must go” demand.

However, Stephenson’s actions went beyond having Cuneo deliver an oral message to the White House. In 1943, he opened investigations on Wallace, along with those, such as Owen Lattimore, who were involved in Wallace’s China project. Then he fed “intelligence leads” to J. Edgar Hoover’s FBI.<sup>17</sup> Cuneo himself proudly outlined the BSC operations:

Given the time, the situation, and the mood, it is not surprising however, that BSC also went beyond the legal, the ethical, and the proper.

16. William Stephenson certainly appreciated Ernest Cuneo, frequently entertaining him in his New York City apartment, and allowing him to date and marry one of Stephenson’s secretaries. Cuneo actually moved into the New York City building where Stephenson kept his penthouse.

17. Years later, in 1949, this would become the core of what became known as the “McCarthy” investigations. Sen. Joseph McCarthy would declare Owen Lattimore the No. 1 communist spy in the U.S.



Throughout the neutral Americas, and especially in the U.S., it ran espionage agents, tampered with the mails, tapped telephones, smuggled propaganda into the country, disrupted public gatherings, covertly subsidized newspapers, radios, and organizations, perpetrated forgeries—even palming one off on the President of the United States . . . and possibly murdered one or more persons in this country.<sup>18</sup>

## VII. Cuneo's 'Canambria': Empire on Steroids

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Ernest Cuneo was the liaison between Stephenson's BSC and the rest of Washington, including the OSS, the FBI, the State Department and the White House. His private papers provide a unique insight into the thinking of the circles of Stephenson and Halifax:

When the President asked for post-war planning, I suggested that the English-speaking peoples form a new nationality, an additional common citizenship, under the acronym of Canambria. It was clear to practically everyone that the European Empires were on their last legs. Accordingly, American energy was needed to supply the energy which Great Britain was about to lose. . . .

I believed in the creation of a new nation of the English-Speaking Peoples by dual citizenship. Canada, America, Britain, Australia and New Zealand [that is, the future "Five Eyes"] would form the nation of Canambria, and each citizen, as in the U.S., would become a dual citizen<sup>19</sup>. . . . The immediate effect would be the welding of the British and American battle fleets into one permanent world navy, thus evolving the Pax Britannia into the Pax Canambria. This had to be done because it was apparent that Brit-



Smithsonian Institution Archives

Owen Lattimore

ain could not retain her colonies. . . . I discussed this with Stephenson and Lord Halifax.

Further, Cuneo had his own insight on the "Henry Wallace" problem:

This was a most serious matter for Great Britain. . . . Henry Wallace and Mrs. Roosevelt, pure spirits if there were any, felt deeply that the vast mass of humanity was victimized, ground down and exploited by the voracious greed of the predatory economic royalists. They wanted a New Deal for the world. Our country's plight in 1932 was bad enough, "one third of a nation ill-clad, ill-fed, ill-housed." They were agonized even more by the condition of the world that "two-thirds of the human race went to bed every night—hungry. . . ."<sup>20</sup> They believed that European imperialism was the root cause of the evil. Therefore, they believed that the British Empire had to be dissolved, and of course, along with it, the French and the Dutch. The Japanese and Nazi Empires we were about to crush. The British Empire and the others must be liquidated. . . .

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18. Ernest Cuneo Papers, Box 107 (CIA file). FDR Library, Hyde Park, NY. *This author thanks the most helpful and knowledgeable staff at the FDR Library; and also his wife, Nancy, for her agreeing to spend our vacation digging through box after box of material. All of Cuneo's quotes are from this same Cuneo collection.*

19. Cuneo cites as precedent that living in, e.g., Virginia makes one a dual citizen, of Virginia and the U.S.—and now the U.S. would simply be like a state in the larger country of Canambria.

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20. Cuneo admitted that he had also suffered from the Roosevelt/Wallace delusion of wanting to feed "every Hottentot" in the world, but had learned better. His revealing explanation: While he enjoyed playing football in college, his two years in the NFL was different. Someone would get hurt on the field, and the crowds would roar (not unlike the Roman Coliseum, with lions mauling Christians). This, he explained, taught him the reality of human nature.

By 1944, the Communists had completely surrounded Vice President Wallace...<sup>21</sup> The whole atmosphere around the White House was thick with anti-colonialism and anti-imperialism. No one could quarrel with the facts of the theory [of anti-colonialism]. In effect, however, it meant the dissolution of the European Empires... Somehow, somewhere FDR convinced himself that he could convince Stalin that a Big Four Power Group, the U.S., Great Britain, Russia and China could keep the peace. This was fatuous... I was damned if I was going to see the British American alliance broken in the first place and in the second place, I was damned if I was going to see a new Russo-Chinese imperial dictatorship substituted for at worst, the [British] devil we knew.

### VIII.

## Halifax and Churchill to Roosevelt: Dump Henry Wallace

That June, 1943, while Stephenson, Menzies, Halifax and Churchill geared up to force Roosevelt's hand on removing his Vice-President, Roosevelt had his hands full trying to make the anti-Hitler alliance work. Russia had lost millions of soldiers and civilians, awaiting a real Western front. Churchill continually broke commitments for the Second Front, and now Stalin had to hear that the May "Trident" conference in Washington had postponed the invasion yet again, from August, 1943 to May, 1944.

Stalin, in his "Personal and Secret Message of Premier J. V. Stalin to President Roosevelt,"<sup>22</sup> reviewed the promises of Casablanca and took apart the newest, and rather pathetic, "dog-ate-my-homework" excuse. This newest delay was being blamed on logistics; so Stalin quoted from Roosevelt's and Churchill's 1942 and 1943 messages (about the United States and Great Britain "carrying out preparations energetically," etc.), making the case that either they had no idea how to make preparations, or they were simply lying. Stalin

21. Cuneo's used the word "Communist" simply to mean anyone who was against imperialism and in favor of feeding people. One searches in vain through his papers, even for a cover story for his allegation. (Of note, Cuneo, as Stephenson's liaison with Hoover's FBI, would be instrumental in the 1944 equivalent of a "Steele Dossier.")

22. See: <http://www.fdrlibrary.marist.edu/daybyday/resource/june-1943/>



LoC

*President Franklin Roosevelt and General Secretary Joseph Stalin in Tehran, Iran on December 1, 1943.*

makes clear that the charade is over. Roosevelt has not been able to "herd the cat" (Churchill) and now has to be concerned that the British game endangers his plan for post-war collaboration, sending the world back into imperial geo-politics. This is the primary concern on Roosevelt's mind at the time, as the British have escalated to regime-change mode.

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 July 7, 1943. However, Halifax did not succeed with Roosevelt, and so Churchill stepped in. Even though he had just concluded extensive meetings five weeks earlier, he suddenly had to see Roosevelt again.<sup>23</sup> His new concern certainly wasn't about implementing the invasion plans.<sup>24</sup> Rather, Churchill's personal intervention regarding Wallace would have been part of their next meetings, in and around the August, 1943 "Quebec Conference."<sup>25</sup>

23. "At the beginning of July, I began to feel the need for a new meeting with the President..."—the opening of Churchill's August 31, 1943 speech from Quebec.

24. On that, Churchill was completely duplicitous, telling his Chiefs of Staff that the agreement with Roosevelt on a May, 1944 invasion wasn't real, and was being moved to a later date. (His "bait and switch" game continued uninterrupted, seemingly without even blinking an eye.)

25. Churchill actually arrived at Roosevelt's home in Hyde Park five days prior to the Quebec Conference, the only time Churchill and Roosevelt had pre-meetings before their many conferences. Further, after Quebec, Churchill stayed for two more weeks, both at Hyde Park and the White House.

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.”<sup>26</sup> 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.

IX.  
**Underlings: Resist,  
 Even if Nation  
 Plunges into Chaos**

There is quite a bit written as to the role of the Democratic Party's “machine” politicians in pushing Wallace out, writings that deliberately ignore any strategic reality and any British intelligence operations.

Certainly, there is little doubt that, from May, 1944 to the July convention, some party bureaucrats beholden to Wall-Street contributors, united with a bloc of racist, Southern Democrats, did the bidding of Churchill et al., without, at that point, having to take day-to-day instructions. Nevertheless, the underlings, after the fact, did attempt to provide a different “narrative” so as to cover for British intelligence. Two examples make the point.

Amongst Cuneo's private papers, he relates the “insider's” intelligence to which he was made privy:

26. Roosevelt was aware that he was making a compromise, and that Wallace's enemies would use an open convention to try to defeat the majority of the delegates; but it is likely he counted upon his own active role to keep matters from getting out of hand. However, months later, his collapsed health and greatly reduced work schedule upset any such plan.

[In August, 1943, Speaker of the House, Sam] Rayburn asked a private conference with the President on a matter of utmost importance. Rayburn, according to my information, informed the President . . . [that] it was the opinion of Rayburn and others on the Hill that should Henry Wallace ever succeed the President, the resistance to him on the Hill . . . would be so great that the nation would be plunged into chaos. . . .

Congressional leaders would lead a resistance that would knowingly drive the nation into chaos? What

would possibly provoke Rayburn to make such a threat to his President? Regardless, Cuneo continues: “. . . [T]o this the President was reported to have answered that neither he nor anyone with whom he ran could possibly be the candidate of other than a free convention. . . .” Cuneo's interpretation: “Freely translated, it meant that FDR expected the nomination again, but would not force Wallace on the Party as he did in 1940. In that case, Henry to the wolves must go.”

It is a minor matter that Cuneo's account omits any mention of Stephenson's prior action to warn the White House, even though Cuneo was the liaison between Stephenson and the

White House. However, of major significance is that, even though Roosevelt heard the stunning message from the Speaker of the House, Rayburn, that Congress would lead a resistance that would plunge the nation into chaos, rather remarkably Roosevelt still refused to back down on keeping and endorsing Wallace, only agreeing to an open convention. Of course, Cuneo interprets Roosevelt's refusal to dump Wallace to mean that it is up to his gang of wolves to deal with Wallace.

Finally, a small, though most telling item: Either Cuneo or his source on the meeting significantly obscured the date of the meeting, citing August, 1943. But the only private meeting that Rayburn actually had with Roosevelt that summer was a month earlier, July 9th, from 9:10 to 9:55 a.m.—exactly two days after Lord



PD-USGov

*Sam Rayburn, Speaker of the House of Representatives (1940-47, 1949-53, 1955-61).*

Halifax's session with Roosevelt! While this is possibly a coincidence, it is also fully coherent with "the bosses have set the agenda, Roosevelt didn't give Halifax what he asked for, and it is time to send in the clowns." Certainly, the very act of moving the date away from any proximity to Halifax's July 7th meeting, argues against a coincidence, and is suggestive of Rayburn getting his instructions from Halifax and/or Stephenson. Later that summer, Rayburn was chosen for the cover of Henry Luce's *Time* magazine.

The second example is the hilarious case of Democratic National Committee (DNC) Treasurer Edwin W. Pauley, who has proudly taken credit for dumping Wallace. When asked, decades later,<sup>27</sup> the seemingly harmless question as to "when" he had "first become interested" in dumping Wallace, he seems at pains to suggest it was his own sovereign act: I "gave this a great deal of thought" based upon "my own intellectual experience in Government. . .," etc., and is ready to continue in that vein. These are the words of an underling, at pains to claim credit.

The interviewer interrupts to repeat the same, simple question, "When?" Pauley: "I can date it specifically when I took this action. It was about a year before the convention that I proceeded to prevent his becoming the President. . . ."

The timing of "about a year" would mean around July, 1943, and is coherent with the Stephenson/Halifax actions; but why even say "specifically" and then give a general time period, "about a year"? Again, possibly nothing, but it sounds like nothing but his knowledge of a specific event, one which, even almost three decades later, he knows that he can't talk about.

## X.

### **The Deal: Churchill's 'Momentous Change,' the Atomic Bomb and the 'Special Relationship'**

Churchill and Roosevelt officially met near Quebec, Canada from August 17 to 24, 1943. On the third day, August 19, Roosevelt finally nailed Churchill down on the May, 1944 date. (This involved specific deadlines, beginning in the fall of 1943, for supplies to be sent from the Mediterranean theatre, back to England in preparation for the actual invasion.) Churchill's per-

27. Interview with J.R. Fuchs in 1971: <https://www.trumanlibrary.gov/library/oral-histories/pauley>

sonal physician, Lord Moran, thinks Churchill's agreement is a "momentous change":

Harry Hopkins . . . told me that at yesterday's session Winston 'came clean' about a Second Front, that he "threw in his hand. . . . Winston is no longer against [Gen. George] Marshall's plan for landing on the coast of France" . . . . It is indeed a momentous change of front on the part of the Prime Minister; the end of an argument that has gone on since the Americans came in to the war.<sup>28</sup>

Churchill's "momentous change" was not a religious conversion. In fact, he had extracted quite a price. Roosevelt got his Second Front and would still endorse Wallace, but Britain and the U.S. would initiate a "special relationship." Specifically, the British would turn over to the Americans their "Tube Alloys" project (their initial work on the atomic bomb) and the Americans would develop the bomb, keeping the British "in the loop," but keeping the strictest secrecy from their wartime ally, Russia. This arrangement, in fact, was the occasion for Churchill's first employment of the term, "special relationship." Further, the secret sharing of intelligence on the bomb project was the actual birth of what would become, with the later addition of Canada, Australia and New Zealand, the infamous "Five Eyes" arrangement—still plaguing our world today. Hence, the three "coincidences" of August, 1943, suggesting an arrangement between Roosevelt and Churchill: a) the "momentous change" of Churchill on the Second Front; b) the atomic bomb deal, what Churchill tagged the "special relationship"; and c) Roosevelt's "finesse"—keeping Wallace but allowing an open convention.

## XI.

### **Compromise, Yes; But No Substitute for Leadership**

At the conclusion of the Quebec Conference, Roosevelt was asked by his son, Elliott, "[H]ow the Great Debate was going."<sup>29</sup> "Well," he said, "it begins to look

28. Lord Moran's diary for August 20, 1943. *Churchill. Taken from the Diaries of Lord Moran*, 1966.

29. All of the following quotations of Roosevelt's discussions with his son, Elliott, are found in Elliott's *As He Saw It*—a book he published in 1946 because the small-minded Truman had led a retreat from FDR's



as though the debate is over. The British have been working on a plan for the cross-channel invasion. . . .” A few days later, he added, “Even our alliance with Britain . . . holds dangers of making it seem to China and Russia that we support wholly the British line in international politics.” He indicated that he would also make compromises with Stalin that would make it seem that he was anti-British.

Then his conclusion: “The United States will have to *lead*. . . We will be able to do that. . . . Britain is on the decline. . . . America is the only great power that can make peace in the world stick.” (The emphasis upon “lead” is in the original.) That was Roosevelt’s thinking, that such compromises could only be justified if the U.S. kept the upper hand with strong leadership. That was Roosevelt’s plan.

Roosevelt’s long-awaited conference with Stalin was now set to begin in late November, in Teheran. In the week prior, at the Cairo Conference of Roosevelt and Churchill, Roosevelt told his son that Churchill was squirming over the battle plan “that was all settled at Quebec. . . . [Elliott] offered the comment that at least their military ideas made sense, taken in conjunction with their Empire commitments.” Roosevelt exploded: “Of course they do. . . . But their Empire ideas are nineteenth century, if not eighteenth or seventeenth. And we’re fighting a twentieth-century war.” Roosevelt clearly understood that Churchill’s behavior was a lawful expression of the British Empire’s ideology. There was no way out except for American leadership.

## XII.

### Iran and China: Economic Development to Replace Colonialism

Also at the Cairo Conference, November, 1943, Roosevelt met with Chiang Kai-shek and Madame Chiang. Roosevelt’s special effort to involve China in the planning for the post-colonial, post-war world only underlined the seriousness of his thinking. He secured their agreement on a unity government with the communists, to be formed in order to defeat the Japanese. The unity was possible only within the *Our Job in the Pacific* economic approach, already written up, that Wallace would bring to China seven months later. Importantly, Madame Chiang recognized that a massive literacy campaign was required, and offered her plan

leadership.

for such. Chiang Kai-shek asked FDR for “support against the British moving into Hong Kong and Shanghai and Canton with the same old extraterritorial rights they enjoyed before the war.”

The following week, at the Tehran Conference, Roosevelt discussed with Shah Mohammed Reza Pahlavi how Iran’s barren desert had once been a forest, and that reforestation was key for the reconstruction of Iran. On the spot, he had his aide, Pat Hurley, draw up a memorandum on Iran’s economic sovereignty, “breaking Britain’s grip on Iran’s oil and mineral deposits.” He told his son, Elliott, that Hurley would do a good job, because, unlike the State Department, he was loyal:

[A]ny number of times the men in the State Department have tried to conceal messages to me . . . just because . . . those career diplomats aren’t in accord with what they know I think. They should be working for Winston. As a matter of fact, a lot of the time, they *are*. Stop to think of ’em: any number of ’em are convinced that the way for America to conduct its foreign policy is to find out what the British are doing and then copy that. . . . It’s like the British Foreign Office.<sup>30</sup>

Then, a few days later, Roosevelt met privately with Stalin on—

China after the war, the Chinese Communists, and so on. Couldn’t do a lot of that talking while Winston was around, because it had to do with British extraterritorial rights in Hong Kong, Canton, and Shanghai . . . how if we agreed to support Chiang against the British on that point, he would agree to form a really democratic government in China. . . . Uncle Joe agreed that of course Manchuria would remain with the Chinese and agreed to help us back Chiang against the British. [That is, Stalin preferred the “anti-

30. One example: The State Department’s summary of Wallace’s June 21, 1944 meeting with Chiang Kai-shek simply edited out the following in their official version: “Mr. Wallace told Pres. Chiang of Pres. Roosevelt’s comment that the British did not consider China a great power; that Pres. Roosevelt wanted China to be a great power in fact as well as in theory; that at Cairo the British were opposed to giving any reality to China’s position as one of the ‘Big Four,’ and that at Teheran the Russians were cool regarding China. Mr. Wallace then quoted to Pres. Chiang the following statement made by Pres. Roosevelt: ‘Churchill is old. A new British Government will give Hongkong to China and the next day China will make it a free port.’”



communist” Chiang Kai-shek to the British.] And Pat Hurley [who had just drawn up an economic development plan for Iran] has gone on to Moscow to carry our talks further. . . . If anybody can straighten out the mess of internal Chinese politics, he’s the man.

Otherwise, Roosevelt clearly employed Stalin and the Russians to cement Churchill into the invasion agreement. While Churchill had, in correspondence, lied to Stalin, in the face-to-face meeting, there was no more equivocating. Of the status of the Overlord invasion, Elliott wrote: “It’s settled at last,” Father said happily. “And,” he added wryly, “for the fourth time.” However, Roosevelt was exhausted. At Yalta, he suffered a fainting episode, a harbinger of worsening heart problems that would severely reduce his schedule over the next six months.

### XIII. Roosevelt and Wallace Plan the China Trip

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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 quite 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 certainly put the important, but subsumed, matter of a united effort of Nationalists and Communists in China, in fighting the Japanese, within a higher strategy. On their March 3rd planning session, Roosevelt chose

to share 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 came back by saying, “Of course, the Chinese will want it.” The President then twitted Churchill by saying, “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 Philippine 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, and Roosevelt had made his point to Wallace.

### XIV. Controversy in Washington

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Otherwise, there is much discussion, to various effects, in Washington about the Roosevelt/Wallace initiative in Asia. Edward Stettinius, Cordell Hull’s Undersecretary of State, contacted Wallace to relate that “the President . . . had his heart set on my going to China. . . . Lauch Currie, Davies, and Fairbank<sup>31</sup> came in to express the opinion that they thought it was very important for me to go to China. They felt that my mere presence there would straighten out certain difficulties, especially difficulties between the Russians and the Chinese. . . .”

In June, once *Our Job in the Pacific* was actually published, Lord Halifax for Britain, along with Alexander Loudoun for the Dutch, registered formal protests with Cordell Hull at the State Department. Of note, London had some hopes that, in Roosevelt’s adminis-

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31. John P. Davies was the foreign service officer assigned to the staff of Gen. Joseph Stilwell, U.S. commanding general in the China, Burma, India theater. John K. Fairbank was the Harvard professor of Chinese history, and an assistant to Lauchlin Currie, the Deputy Administrator for the Foreign Economic Administration. Lauchlin Currie had conducted missions to China in 1941-1942.

tration, it was Hull who might best counter Wallace.<sup>32</sup>

However, if so, Roosevelt seems to have been pre-emptive with Hull, as reflected in Wallace's report: "...I told the President ... that I had talked to Hull on the telephone with regard to the trip to China.... It immediately appeared that the President is much stronger for the trip than I had ever thought...." Apparently, Roosevelt had both received and overruled Hull's objections.

Stephenson, years later, would tell his biographer that, in early 1944, he had assured Menzies and Churchill that Roosevelt was all in on the plan to "jettison" Wallace, as he was dragging down the ticket. While this claim was seized upon by those who would rewrite history to denigrate Roosevelt, the evidence simply does not back him up. In early 1944, contemporaneous with Stephenson's claim, the Gallup Poll had Wallace as an overwhelming first choice for Vice-President amongst the rank and file Democrats in every section of the country. Wallace was at 46%, with the second-place Cordell Hull coming in at 21%. (The remaining 33% was shared amongst several others.) Roosevelt had solid reasons to believe that his finesse would work out. And Stephenson had reasons to assure his bosses that Roosevelt was in on the fix.

Anything close to an honestly open convention would have clearly resulted in a Wallace victory. However, with an assurance that Roosevelt will not intervene for Wallace, as he did in 1940, the Party's machinery was put to work to defy the rank and file—or as Cuneo put it, "Wallace to the wolves must go." That March, Wallace received a strange visit from the Vice Chairman



LoC  
*Gen. Chiang Kai-shek and Madame Chiang greet Clare Boothe Luce in April 1942.*

of the DNC, Oscar Ewing, who had come to downplay Wallace's chances. Evidently, he was sent to sound Wallace out. Wallace didn't react: "I did not tell him that I had heard ... that [his boss, DNC Chairman] Hannegan was passing word around that it was 'thumbs down' on me.... My own feeling is that there is something else involved although I don't know just what it is...."

On April 21, 1944, Wallace publicly announced the China initiative. He spoke in terms of the United States' mission in developing China, as the United States 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 organized John Carter Vincent, the head of the State Department's Chinese Affairs section, who is to accompany Wallace to China: "I gave him a copy of Chinese extract of the Confucius Economics on the constantly normal granary."<sup>33</sup> Three decades prior, Wallace had been impressed at 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

32. When Lord Halifax went to Secretary of State Cordell Hull, to protest Wallace's actions in China, Hull sympathized. He gave no support to Wallace, only saying that Wallace's policies and actions were not those of the State Department, but "was the President's doing."

33. 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 his [article](#), "Henry A. Wallace and the Ever-Normal Granary," *The Far Eastern Quarterly*, Vol. 5, No. 4, Aug., 1946, pp. 411-426.



LoC/Office of War Information

*A view of the Grand Coulee Dam on the Columbia River, in Washington State.*

buying surplus grain in good seasons and selling during droughts—hence, stabilizing a staple of life.

Wallace’s announcement occasioned push-backs. Claire Booth Luce attempted to undermine Roosevelt’s plan to get Chiang Kai-shek and the Communists to collaborate. On May 2, 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 organizations singling out as “communies” every one of Wallace’s collaborators on the China trip—particularly Lattimore, Vincent and Currie.<sup>34</sup> But the point here is not to choose between Chiang and the Chinese Communists, but rather to see who plays both sides against the middle, trying to defeat Roosevelt’s

34. Alfred Kohlberg was Senator Joseph McCarthy’s source. He had taken offense to Wallace’s trip to China and to *Our Job in the Pacific*, published by the Institute of Pacific Relations (IPR). In November, 1944, he charged that the IPR had been infiltrated by communists. His meetings with McCarthy, in March, 1950, centered upon Owen Lattimore and IPR. McCarthy then named Lattimore as the top Russian espionage agent in the United States. Kohlberg made his fortune in using cheap labor, working up Irish linens in China and selling them at upscale department stores. It was his fortune that kick-started the John Birch Society.

“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, the FBI’s Assistant Director of its Security Division, D. M. Ladd, submitted his first report to Hoover on them.<sup>35</sup> However, Hoover and Ladd were acting in the wake of British intelligence. Earlier, Stephenson’s operation had been rooting around for months for dirt on Wallace, Vincent, Lattimore and the Institute of Pacific Relations—the organization that was to publish Wallace’s *Our Job in the Pacific*. Their ‘intelligence’ had been forwarded to Hoover.

In early May, Roosevelt, back from an extended period of recuperation, addressed his Cabinet on the importance of Wallace’s trip to China. He then met privately with Wallace on the trip: “He went into it in some little details and seemed to be delighted” at the inclusion of the Siberia stops. “Apparently he seemed to think the schedule was all right in every way.”

## XV. Wallace in China

Wallace left on May 20th for a tour of Russia’s Siberia, then was in China from June 18 to July 5, 1944. Wallace’s first official session with Chiang was on June 21st, 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 June 21st dinner. While it remains a question as to 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.<sup>36</sup>

35. D.M. Ladd was promoted to No. 3 at the FBI, under Hoover and Clyde Tolson, on May 5, 1949, in co-ordination with the escalation of the “McCarthy” witch-hunt. He would supervise all of the major cases, including the Alger Hiss and Rosenberg cases.

36. The Brits would also object to the June 24 Joint Statement of Wal-

The next day, Wallace recorded, we “plunge into Conversation II”—but he found that Chiang had completely failed to grasp Wallace’s “win-win” offer.<sup>37</sup> Wallace pressed Chiang on a simpler initial step: opening up dealings with the communist opposition, beginning with allowing a U.S. 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,<sup>38</sup> making sure that they knew Wallace’s concern about Chiang. One assumes that they passed along those concerns to Chiang.

The next morning, before the scheduled breakfast meeting, the Generalissimo requested to meet privately with Lattimore, to ask him “pretty bluntly what VP trip all about.”<sup>39</sup> Lattimore’s account is that he tried to explain to Chiang that postwar reconversion would require expanded markets for American production, and since Russia would need U.S. machinery and techniques, “U.S. big business, finance, industry are pressing for an understanding with Russia good enough to allow economic confidence on both sides. There is not a whit of ideology in this.”

Perhaps his account was a bit cautious, but it was acceptable as a beginning. However, next, he did the Generalissimo a great disservice, by indicating to him that the economic projects for China would be somewhat into the indefinite future and would not have financial backing from America. It remains unclear what Lattimore was basing this upon, nor even why he conveyed this to Chiang, but it could only have sent the message that Wallace’s big projects were just window-dressing. It seems the potential for a positive shock to Chiang’s thinking by the boldness of Wallace’s concep-

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lace and Chiang. Halifax first went to Secretary of State Hull, who said that Wallace’s policies and actions were not those of the State Department, but “was the President’s doing.” Later, on October 6, 1944, about ten weeks after the convention, Halifax would inform Wallace at a social gathering that he had been “in London at the time [June] this all broke and that the London Foreign Office was tremendously disturbed....”

37. “[W]e listen to the Gimo’s [Generalissimo’s] case . . . , full of bitter feeling and poor logic. I like the Gimo but fear his lack of vision will doom him to a Kerensky’s fate. I was very sad after the second conversation.” Wallace’s diary for June 22, 1944.

38. The Soong family included Madame Chiang’s siblings: a brother, T.V. Soong; one sister who married Sun Yat-sen; and another sister who married Dr. H.H. Kung—who was meeting with Roosevelt that same week.

39. Lattimore’s diary entry for June 23, 1944, found, e.g., in Robert P. Newman’s *Owen Lattimore and the “Loss” of China*, 1992.

tion was completely blunted by Lattimore.<sup>40</sup>

Wallace confronted Chiang with a cable from Roosevelt on allowing the deployment of the U.S. Army intelligence officers to the communist area in the north; and, that afternoon, Chiang did relent. While this was a long-awaited breakthrough, it was still far short of what was possible.

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 maneuver, that T. V. Soong accompany him back to Washington, to co-ordinate on furthering the project.

Finally, on June 24th, Wallace and Chiang released a 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 to achieve self-government throughout Asia. They must agree 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.”<sup>41</sup>

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.

Meanwhile, three days later, at the White House, Roosevelt met for seventy-five minutes with Chiang’s brother-in-law, Dr. Kung. His degree from Yale was in economics; and he had held positions as Minister of Industry and Commerce, and even a term as the Premier of China. Roosevelt asked him to return the next day for another seventy-five minute session. These meetings, along with Wallace’s debriefings to Roosevelt, would result in an economic team being sent to China in

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40. Another puzzling action by Lattimore that week: When Wallace was recruiting T.V. Soong to come to Washington, Lattimore expressed to the two of them his disdain for the Soong clan—that they were already planning to flee China, and that Dr. Kung—meeting that same day with Roosevelt—had already done so. Not only was it untrue, but it was not even credible gossip.

41. Afterwards, while they rode to the airport, Wallace recorded twelve points, labeled “To Pres. from Gimo.” While they reflect a well-intentioned effort, one desiring to please Roosevelt, it was clear that Chiang had not comprehended what he had been offered. (Chiang’s message included: “Grateful for abrogation of unequal treaties” of the British; Wallace’s visit “shows great friendship for China”; Chiang “has utmost confidence in Dr. Kung. In helping Kung, will be helping Gimo”; and that he “hopes” to “promote land ownership & breaking up of large landholdings” while getting “interest rates for farmers down to 10%.”)





NARA/Abbie Rowe

*Edward Wood (Lord Fairfax), UK Ambassador to the U.S., with an unidentified military officer, at National Airport in Washington, D.C. on November 10, 1945.*

August. Roosevelt asked Donald Nelson,<sup>42</sup> the Chairman of the War Production Board, to head up the team, dedicated to both a war-time and a post-war economic mobilization.<sup>43</sup> Nelson organized a Chinese War Production Board, renamed, after the war, the American Production Mission in China. Truman terminated the latter, less than three months after peace was declared.

Curiously, the morning after Roosevelt first met with Kung, Lord Halifax visited the White House. Roosevelt gave Halifax all of fifteen minutes to regis-

42. My thanks to *EIR*'s Dean Andromidas for calling my attention to the August mission. Wallace had worked together with Nelson and greatly respected him. On July 13, 1944, Wallace's third meeting with Roosevelt that first week back, they discussed sending Nelson to China.

43. Roosevelt's instructions to Nelson stressed three points: a) To make a study and analysis, with recommendations, of China's postwar economic conditions and with particular reference to the relationship of the United States Government to China's postwar economy. Proper consideration should be given to an exploration of what part of Japan's pre-war industrial exports could appropriately be utilized to foster China's economy. b) To assure the Generalissimo and his advisers that this nation does not wish to dominate China's internal economy, but rather to take an appropriate economic interest with the full knowledge that China is a sovereign power, and that, in the long run, the Chinese people should dominate their own internal economy. c) The mission should be concluded with a report and recommendations as to this government's economic policy toward China, with an indication as to what parts of their industrial economy would require public or underwritten loans on the one hand, and what parts of the economy could be assisted purely by private American capital, and the restrictions which should be placed on those investments by American citizens.

ter the British Empire's protest over *Our Job in the Pacific*, over Wallace's presentation to Chiang on June 21, over the June 24 Joint Statement of Wallace and Chiang (calling for the self-government of Asian nations), and assumedly over Kung's visit. Roosevelt's response to Halifax was to proceed, later that day, with his second seventy-five-minute meeting with Kung—making for a glum Halifax.

Wallace toured China for two more weeks. Of particular importance was his meetings in Chengtu with Chang Ch'un [Zhang Qun], the governor of Szechwan 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 on the possibility of a unity government. (Chang

later served, in 1946, with Zhou Enlai on General Marshall's "Committee of Three," attempting to establish the unity government. In 1947, he headed the first coalition government, but his Kuomintang party never really got behind Chang's policies for land reform, price controls and constitutional government. Marshall's project failed.) Then Wallace headed home.

## XVI. 'Henry to the Wolves Must Go'

On Wallace's first day back in Washington, he had a lunch meeting with Roosevelt, where Roosevelt kidded him as to "how many people looked on [Wal-



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*The Committee of Three, from left: Chinese Nationalist Chang Ch'un (Zhang Qun), Gen. George C. Marshall, and Communist representative Zhou Enlai on December 31, 1945.*



lace] as a communist or worse. . . . He said some referred to Wallace as that fellow who wants to give a quart of milk to every Hottentot. . . ." (This certainly was Cuneo's expression, though he may have been merely repeating what he had gotten from Stephenson, et al.)

Roosevelt agreed to publicly announce his endorsement of Wallace shortly, prior to next week's convention: "I trust the name with me will be Henry A. Wallace. He is equipped for the future. We

that evening are all-serving, and are not worth untangling here.) The central contention, that Wallace was a liability to the ticket, was transparently ridiculous. Wallace had polled significantly ahead of all his Democratic rivals the whole time. Roosevelt's re-worded endorsement of Wallace reflected the pressure put upon Roosevelt that evening, but it was still an endorsement:

I have been associated with Henry Wallace during his past four years as Vice President, for eight years earlier while he was Secretary of Agriculture and well before that. I like him and respect him and he is my personal friend. For those reasons, I personally would vote for his re-nomination if I were a delegate to the Convention. At the same time, I do not wish to appear in any way as dictating to the Convention. Obviously the Convention must do the deciding.



Harry S. Truman Presidential Library

*"The Wolves"—Cuneo with Hannegan's gang, celebrating at NYC's Stork Club, circa 1944. Pictured (l-r): Ernest Cuneo, liaison to BSC; Walter Winchell, primary press outlet for Cuneo; George Killion, DNC Treasurer; Edwin W. Pauley, DNC ex-Treasurer and manager of the Democratic Party's 1944 National Convention; Rich Bay (unknown); Robert E. Hannegan, DNC chairman; and Richard Nacy, DNC Executive Vice-Chair.*

have made a team which pulls together, thinks alike and plans alike." Following this extended session with Wallace of over two hours, Roosevelt invited Dr. Kung back for yet another meeting the next day.

That very evening, July 11th, the Hannegan gang<sup>44</sup> confronted Roosevelt. (The stories from the gang on

Hannegan only that he knew quite well that Hannegan had been working against him for quite a while.

Hannegan left the meeting in a huff. (He happened upon a friendly reporter from the *St. Louis Post-Dispatch*, and blurted out that Wallace was a terrible person, and that Hannegan's number one job was to get

44. Robert E. Hannegan had been head of the Internal Revenue Service in St. Louis. In 1943, then Senator Truman had recommended him for the DNC chair. It was understood that he could secure Wall Street contributions.

45. However, the latter-day interpretation that Roosevelt had agreed to push Wallace out is simply not backed up by the actual events. For example, one of the gang, Paul McNutt reacted to Roosevelt's endorsement, by telling Senator Claude Pepper, "Well, it won't be Wallace this time. I do not give a damn what Roosevelt says." Clearly, they had not gotten what they wanted from Roosevelt.

Wallace off the ticket. Hannegan proceeded to organize a media campaign, touting the supposed “imminent withdrawal” of Wallace; and Edwin Pauley would claim that he had used Walter Lippmann’s article,<sup>46</sup> calling for the dumping of Wallace, “to great advantage among the delegates.”

On Thursday, July 13th, a day after Roosevelt’s third meeting with Dr. Kung, Wallace went into greater detail with Roosevelt on China.<sup>47</sup> Afterwards, Roosevelt told Wallace of his Tuesday night meeting with the Hannegan gang. “According to the President, they all thought I would harm the ticket.”

Again, while both Roosevelt and Wallace knew this was a line, it was undeniable that Wallace would harm the DNC finances. Hannegan et al. had made Wall Street’s intentions known. “I said at once to the President, ‘If you think so, I will withdraw at once.’” Roosevelt then gave Wallace his written endorsement. Finally, he “drew me close and turned on his full smile with a very hearty handclasp, saying, ‘While I cannot put it this way in public, I hope it will be the same old team.’”

Wallace, at that point, would still have easily carried the Chicago convention.

Hannegan came back at Roosevelt one last time on July 15th, interrupting Roosevelt’s train as it was passing through Chicago. The best that Hannegan could secure from Roosevelt was the infamous note of Roosevelt’s agreement to an open convention: “You have written me about Harry Truman and Bill Douglas. I should, of course, be very glad to run with either of them and believe either one of them would bring real strength to the ticket.”

This was language that nobody could construe as an actual endorsement, but Hannegan misrepresented it to the convention. As the inimitable Cuneo witnessed the scene: “Hannegan followed out the script. He suddenly swept up the steps with California’s Ed Pauley and Kentucky’s Paul Porter and with great authority, proceeded triumphantly to the podium. He de-

clared, yeah hollered, that he had a letter from the President of the United States. The President declared that he would be delighted to run with either Harry S Truman or William O. Douglas as his running mate.” It was enough to deprive Wallace of a first-ballot victory, and to allow the wheeling and dealing to settle upon Truman. Churchill’s regime-change accomplished.

## XVII.

### **A Republic, Caught in the Webs of Our Own Making**

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Two weeks later, Truman visited Wallace, claiming that he had been forced into the situation, and that he was terribly unhappy. He wanted Wallace to know that “he had not been engaged in any ‘machinations’ for the nomination.”

Afterwards Wallace noted in his diary that Truman “had told me on the floor of the Senate that I was his candidate” but then had campaigned for Sam Rayburn and Jimmy Byrnes, adding, “This kind of action convinces me beyond doubt that he [Truman] is a small opportunistic man, a man of good instincts but, therefore, probably all the more dangerous. As he moves out more in the public eye, he will get caught in the webs of his own making.” Wallace’s forecast was incisive.

We conclude with one example that reinforces Wallace’s estimation of Truman, one too pathetic to have been made up. Truman would claim that Churchill’s infamous March 5, 1946 “Iron Curtain”<sup>48</sup> speech at Fulton, Missouri, was his own doing. The clever Truman, as he would have it, knew that the country would not immediately accept such ideological claptrap, so he manipulated Churchill into the “Iron Curtain” speech as a “trial balloon.” (In fact, most editorial pages denounced the speech. Only a few, such as the *Wall Street Journal*, initially supported it.)

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46. Cuneo’s primary role for Stephenson was to insert the British political line into the writings of U.S. political columnists. Walter Lippmann was one of his top conduits.

47. Wallace had suggested Gen. Wedemeyer to replace Stilwell and to follow up with Chiang Kai-shek. A month later, Roosevelt fixed upon his trusted Gen. Patrick Hurley “as the man to coordinate America’s efforts in China” and someone who had made a “very favorable impression” upon Wallace. Both men were sent.

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48. Churchill’s famous “Iron Curtain” was lifted from Nazi Propaganda Minister, Josef Goebbels, whose February 25, 1945 article warned: “[T]he Soviets . . . would occupy all of East and Southeast Europe along with the greater part of the Reich. An iron curtain would fall over this enormous territory controlled by the Soviet Union, behind which nations would be slaughtered. The Jewish press in London and New York would probably still be applauding.”

After some time, when it could become the operative reality, Truman could claim credit for the political transformation and reap the political benefits for himself. He was manipulating the British! However, it was Truman's massive capacity for self-delusion that, in the eyes of the British, made running an empire so much easier. Hence, we have a little man with grand delusions, or Wallace's "small opportunistic man" who got the country "caught in the webs" of its own making—webs that can now be cleared away with the embracing of the very American "Belt and Road" policy.

## XVIII.

### **Summary: Courageous Leadership or Farce**

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In 1940, President Roosevelt, faced with the Nazi threat, and aware of the imperial decisions at the end of World War I that led to World War II, decided the only justifiable basis to fight the war was with the goal of eliminating empire. He insisted on Henry Wallace as his Vice-President so as to take the point. After Wallace confronted Churchill, British intelligence targeted Wallace for "active measures." They purloined his draft policy for China and Asia, reacting at the highest levels as if their imperial existence was at stake, and demanding the removal of the U.S. Vice-President. Roosevelt refused their demand, but thought he could steer matters, both to secure a strategic alliance hinged upon the Second Front, and still keep Wallace.

This report has not attempted to retread all the matters of Roosevelt's greatly weakened physical state in 1944, nor all of the dirty dealings of the underlings at the July, 1944 Democratic National Convention, etc. Those matters have been covered elsewhere by others. The emphasis here is that, when the United States does what we were founded to do as a republic, empire cannot but react as if its days are numbered. It will throw in everything, including the kitchen sink, into hysterical lies relying upon the victims to flinch. Roosevelt knew that real leadership meant pressing forward on the strategic level. However, as a subordinate part of that, he attempted a finesse; and it, indeed, failed.<sup>49</sup>

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49. Clearly, Roosevelt's heart failure of early 1944 radically altered his

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 1945/6 decision not to re-deploy the war-economy for massive civilian infrastructure projects, and the consequent scramble for jobs and for "making up" for the lost time 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 psycho-dynamics of a football game—with the Russians as the opposing team. The British 1943/4 targeting of Wallace and his collaborators became, over the next five-to-ten years, the disinformation fed to Sen. Joe McCarthy. The British Empire to this day relies upon their bet that the "dumb jock" Americans will jerk when their leash is pulled.

Tragedy, the second time, is farce. Refusing to learn how the original tragedy was brought about is itself the greater tragedy. It is time to end the farce.

One hundred and fifty years ago, the United States, with the critical aid of Chinese labor, completed Lincoln's great project, the Transcontinental Railroad, the largest infrastructure project in the history of the world to that point.

Seventy-five years ago, the United States announced an even bigger project to develop all of Asia, utilizing the power of the mobilized U.S. economy. It centered upon the cultural reserves of China to wipe away a century of dishonor and to lead Asia with massive infrastructure projects.

Today, China is relying upon the revival of the anti-colonial, cultural reserves of America. It should not have taken seventy-five years to get to this point, but here we are: this time it is —China's Xi Jinping who is offering the United States our own historic policy, one that would indeed make America great again.

Roosevelt's "anti-farce" message: Bold leadership is the one thing that British imperial games cannot abide.

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work schedule, leaving him with very limited desire, patience or capacity for dealing with all the underlings. However, his failing health should not be considered the prime factor in the regime-change, but rather as an aggravating factor.