

Friends of Democratic Hungary.
AMERICA 1943.

I have visited the States several times: I have seen them at their best during the Great Depression, when 9/10th of the people I met had ~~lost~~ the tremendous moral reserves of that experiment in social org. ~~shown~~ if showed the tremendous moral reserves of that experiment in social org. ~~lost~~ 9/10 of whatever they had possessed; I have known them at their worst during the Spanish crisis, when isolationism swept the country and neutrality developed into a craze together with a propaganda phobia a phobia of propaganda which made every subject, excluding the weather, ~~appear~~ ^{appear} ~~appear~~. It was at that time that the intellectual paralysis developed which was ~~responsible~~ ^{raised by a foreigner suspicious, not} responsible for Pearl Harbour. And I have known America since Pearl Harbour, the new America, the America of the next five years. That is, I suppose, what ^{we are all most} ~~you wish to~~ ^{interested in.} ~~to speak about.~~

~~The new American nation was born in Pearl Harbour.~~

~~The people of the States awoke that day from a fool's paradise, and never will they go back to that particular one again.~~

But Pearl Harbour ~~was~~ ^{roused} them. — this must be ~~well~~ understood, not to the danger of ~~Japan~~ ^{Japan} but to that of Hitler. With Japanese help, Hitler

~~might~~ ^{in the position to} ~~dominate~~ ^{has been there} the Atlantic, since ^{the} USA would not anymore ~~be~~ ^{concentrated on} ~~the Pacific.~~ ^{in view of the new dangers} in the Pacific.

But the ~~effect~~ ^(indirect) was even more ~~profound~~ ^{profound}: the USA

suddenly realized the true nature of ^{her} ~~the~~ situation. ^{she} ~~she~~ had no foreign policy; ^{while she had found herself powerless} ~~3.~~ ^{to safeguard their interests} against any of ~~them.~~ ^{consequently} ~~all other countries came to appear as~~ ^{her potential} opponents. This was quite natural; ^{consequently} ~~Foreign policy~~ ^{implies the} ~~determining~~ ^{determining} which a priority list of one's interests; this has the advantage of being able to say which other country one regards as ~~primarily dangerous~~ ^{primarily dangerous} and which as primarily friendly. Though the ~~positions~~ ^{positions} on the ~~list~~ ^{may} shift, unless ~~there~~ ^{there is a list}, all countries must be ~~equally regarded as~~ ^{as potential enemies.} ~~Such~~ ^{Such} was the case ~~in~~ ^{with} ~~America.~~ ^{America.}

As to the realization of America's powerlessness, this was ^{partly} the result of a new situation revealed by the ^{Second World War} ~~war~~, namely the obsolescence of financial power in the new ^{To sum up:} ~~set-up~~. ~~These were the three ingredients in the new mixture:~~ ^{most disquieting} 1. ~~lack of foreign policy~~ ^{there was} 2. ~~a world of potential opponents~~ ^{factor of power on} and 3. ~~no reliance on finance, the one~~ ^{since the Great War} ~~which America had~~ ^{relied} in her foreign ~~relations~~.

It was under these conditions that the people of the States took stock of the national position. They showed amazing intelligence in realizing the ~~roughness of the change~~ ^{of needs of that position}. The rate at which Roosevelt unified the nation politically and switched over its industrial potential to war production ^{as what} achieved in many months ~~it took~~ Hitler ~~years~~ to ~~achieve~~ do.

- a. The efficiency of democracy showed at its marvellous best
- b. Even the anti-propaganda craze proved beneficial: the utter lack of enthusiasm for the war was accompanied by assurance that the nation was this time not the victim of propaganda.
- c. In the presidential elections, Wendell Willkie took foreign affairs out of politics, thus protecting the national interest against the vicissitudes of the world's most dangerous constitution that inevitably fit in a crisis from

The dominating change was the realization of the need for foreign policy; and that its natural aim must be the restoration of a world in which the United States had ^{grown} found wealthy and powerful. In the ~~the~~ world ~~she~~ ^{unaccountably & for no good reason} had changed, she herself had not changed and could not change. Consequently, the only possible war aim was the restoration of ^{the old} world. Democracy and the American way of life were now finally identified with liberal capitalism; ^{at home and abroad} ~~and in respect to the international economy~~ the institutions of liberal capitalism were ~~identified with the American way of life~~. The Gold Standard and Free Trade were established as the corollaries of democracy and ^{as} the esoteric meaning of the Atlantic Charter. The restoration of the pre-1914 world became the ^{accepted} ~~tacitly~~ but nevertheless axiomatic war aim.

What is this system? → Under this system the movements of trade ^{are supposed to be} ~~are supposed to be~~ stable. This is called the Gold Standard. It has very little to do with gold but a great deal with the automatic m of trade, which is ^{here} synonymous with private trade.

Now, under such a ~~system~~ system a country that is able to provide long term credits or loans, is also the master of ^{exchanges of} ~~the~~ currencies. Such a country can, if it wishes, accumulate gold; it can dominate ~~the~~ thereby the domestic conditions of other countries, ^{notably employment -} and all this without ^{the use of armies} ~~armies~~ or navies, merely by ~~using~~ using its capital power to dispose of its investments and to withdraw ~~the~~ credits.

Such a system cannot function, if the governments themselves are in business; if there is State-trading; if ^{there is control of} ~~there is~~ ^{or imports.} ~~capital exports~~; if there is acceptance of the responsibility of the State for employments and for standards of life. In other words, the American system demands permanently categorically, the restoration of the liberal state with its liberal

^{competitive} capitalism everywhere, the restoration of free trade and a system of stable currencies the ^{of which} stability is ensured ^{without government interference.} ~~by the restoration of~~

Repeat: ~~is essential government interference~~ For this is the essence of free trade; not the absence of tariffs (which make hardly any difference at all-- their effect is merely that of a lengthened ~~and~~ increased distance, unimproved transportation) - but the absence of government ^{in the external economy.} ~~interference~~ In this respect there is

very little difference between socialist and capitalist countries. The difference is ^{rather} between old style and new style countries; between liberal capitalism and planned economies; between a regionalist conception of foreign trading and a universalist conception of foreign trading. The

American ^{conception} ~~idea~~ ^{therefore} means: capitalism in all countries: world capitalism; the ^{while} ~~modern~~ ^{conception} ~~idea~~ means: capitalism or socialism or any in-between economy in one country or a group of countries. In other words: the essence of the new organization of the world is that it is not universal but regional.

Universal capitalism as much as universal socialism, ^(at least as a political concept) ~~has~~ failed. The next period belongs to regional organization, such as, for instance, Europe.

The difference is great, take this example: some people believe that capitalism is freedom and socialism, bondage; other others believe the contrary, viz., that socialism is freedom and capitalism is bondage. But which ever one believes it remains true that the world ^{I am not discussing moral terms, but economic ones.} can be half slave, half-free to-day. Indeed, this is the essence of the new freedom - that the people are again able to live each according to ^{this in the 19th was in principle. In its own} ~~its own~~ fashion.

The real cleavage under the new form of life is between the cooperating and the ~~non~~-^{work} cooperating state; the fascist state and the peace-loving state. Since ^{reliable} ~~international~~ ^{economic} cooperation- within regional bounds,--will be more ~~essential~~ ^{essential} than ever. Peace cartels are the precondition of the new regional co-operation.

Let us return to America. This short excursion was necessary if we want to understand the American ^{way} language. EBM: Private enterprise is popular in America. The Great Depression has not shattered its prestige. Big Business ~~is~~ ^{stands high} still immensely popular. An American boy or even girl still thinks in terms of the great and resplendent masters whom they will serve, whose empire they will adore and whose glory will be theirs: that is, in terms of General Electric, EastmanKodak, General Motors, Ford, and the few dozen other giants who are America. Their achievements, in production and research, in organization and planning are tremendous. Fortune magazine is their organ. These are the modern feudal princes, the princedoms of American Christianity. To imagine that ~~the~~ post ~~Depression~~ America had lost its faith in liberal capitalism would be to misread utterly the basic beliefs of the American people. The New Deal, as one can learn from Henry Wallace, is not meant to supersede private enterprise, but on the contrary to save it from monopoly and modernize its working.

It was this outlook which made the American people instinctively hostile to the USSR. Here was a great block of planned economy ^{which} would have to go or be isolated if the world should be safe ~~for~~ liberal capitalism. Today it is this outlook which makes America so impatient of every move in this country which points in the direction of new methods, of planned capitalism, or regionalist currency, of ^a European ^{U.S. & regional} cooperation with Russia.

This leads ~~into~~ the need of defining more exactly the other basic ^{as you know is} ~~feeling~~ ^{negative feeling} in the USA TODAY which, towards Great Britain. What is the exact character and meaning of this attitude?

Firstly it was nothing to do ~~with~~ with the traditional anti-British ~~feeling~~. It is practically universal, it is even stronger on the West Coast than the Middle West, and is ~~strongly~~ definitely a popular attitude, uninduced by propaganda from above or in fact ^{propaganda} of any kind. The Administration is by far the most pro-British group in the country.

Secondly, it has not much to do with aversion towards the British aristocracy, snobbery and so on. It is not an expression of ~~hatred~~ ^{fear} but of contempt, and only where the facts make contempt appear as singularly inappropriate, does hatred make its appearance.

Thirdly, ^{this feeling} ~~it~~ is not argued but taken for granted. It expresses itself in a curious inability to understand why there is such a thing at all; why the map should be ^{colored} ~~colored~~ in the way it is; it is a feeling which feeds on Britain's weakness as much as on its strength; on its archaic characteristics as much as on its proclivity towards Bolshevism; on its smartness and as much as its old fashioned inefficiency. In other words, this is an expression of a fundamental national attitude ^{which} ~~which~~ does not ~~try~~ ^{take} trouble to rationalize,

~~where~~
The actual explanation seems to be geographical. Almost any plan that the USA MAY CONCEIVE OF to organize its future is up against British positions. Whether the North American Continent, or the Western Hemisphere, whether the Pacific or the Northern Atlantic, whether ^{the West Indies} ~~the West Indies~~ Western Africa or any ~~other~~ is being considered, the position is everywhere the same. At the same time Great Britain cannot be shoved aside as Germany, Italy, France, Holland or Portugal might be.

^{this negative attitude is accompanied by a conviction of belonging together since}
But ~~the same ties the community~~ ^{of} language and many essential institutions makes America and Great Britain natural allies. ~~the~~ The relationship is somewhat similar to that of the two German states in the middle of the 19th Century - 1840ies to 1870ies, when the rivalry of Austria and Prussia ~~was~~ ^{was} eventually decided in the favor of Prussia, thus forcing Austria into an alliance with her, on her terms.

It was the beginning of the end of the Austrian Empire.

But what does the USA ^{want} BRITAIN PRIMARILY TO DO? The answer is given by the aforesaid: She wants Britain to cooperate in the maintenance of the liberal economy as the basis of world organization. On this basis the USA rightly feel much stronger than Britain. They demand that England should remain a free enterprise country, and should relinquish the element of planning which she has introduced since 1931.

To English people this will appear surprising. America regards England as advanced and is jealous of the advantages England might gain in this way.

They are very substantial ~~things~~ indeed. Above all it would mean that Britain is able to link her economy externally with Soviet "Ussia, would be able to cooperate with the USSR in the post-war world especially in the reconstruction of Europe.

The American retrospective utopia of a restoration of the 1914 world, is not as phantasmic anymore once one puts one's self into the place of the Americans. If England can be won over or coerced over, the plan is feasible. Germany Italy, France do not exist anymore, and the USSR then might be forced to give in....

It is this double tendency in the USA policy towards Britain: the intent of compelling Britain to share in her plans on her terms, together with the Vatican ~~and all~~ (Hapsburgs and all) which explains the North African intermezzo, the conversations on the Keynes plan, the policy towards Russia. Some of this was meant to ensure for the USA a pied a terre, independently from Britain, and on the other hand to bring her into the American gold stand plus free trade system after the war.

It might have been possible to put all this in concrete terms

- territorial: naval bases in the West Indies.
- empire policy: India,
- North American policy: Canada
- Pan American policy: British Honduras Guiana etc.
- Western Pacific: Australia, New Zealand
- economic : dollar or pound
- air lines
- shipping

It is doubtful whether that would be more illuminating. For the USA has no settled policy as yet. She has not yet limited her aims. That in fact is the trouble.

Domestically much trouble is foreseen. But that need not weaken her externally.

Nothing is more essential than that Great Britain should maintain her freedom of action within a balance of power system co-operation with the USA in the Pacific and with USSR in Europe.

In this respect the Moscow agreement as understood in Stalin's speech means a new offer to Britain to take an independent line. How much chance their ~~an~~ still is ~~and~~, I am not prepared to say.

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Russian policy should, I believe be regarded in this light. It is a consciously regionalist conception. The discarding of Trotskyism was also the overcoming of capitalist universalism. From the point of view of the Danubian states the League of Nations solved none of the three problems of the region of mixed settlements: racial minority, restricted sovereignty and economic cooperation. On the regional basis much ~~much~~ ~~offer~~ ~~offer~~ offer. This is the great interest of these peoples to ~~annnnnn~~ give the Russian ~~annnnnn~~ outlook on these questions a chance in Middle Eastern Europe.

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