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Anglo-American Loan and Britain's Economic Struggles in Post-War Europe

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The Anglo-American relationship in the 20th century emerged from the battlefields of the First World War and was still carried during the grueling fight of the Second World War. As diplomatic tensions in Europe began to rise in the 1930s, British Prime Minister Neville Chamberlain worked very cautiously to gain support from the isolationist and economically depressed United States to help fight against the rapidly growing Nazi aggression that was plaguing Europe. With Chamberlain hesitantly pursuing a stance of appeasement against Nazi Germany when the British's warnings were ignored, Great Britain soon found itself at war and ill-equipped and economically unstable to fight one. In May 1940, the sickly British Prime Minister retired from his position once his plans for an economic blockade did not stop Germany from instigating more wartime issues and was succeeded by Winston Churchill, the First Lord of the Admiralty and Conservative leader. Prime Minister Churchill immediately took control of his War Cabinet and began to further his campaign of overseas assistance from the United States President Franklin Delano Roosevelt. First Lady Eleanor Roosevelt thought their military and diplomatic relationship a "fortunate friendship" because they held the same ambitions to save democracy in Europe from the evils of the Nazis.¹ However, the United States' economic

¹ Keith Sainsbury, *Churchill and Roosevelt at War: The War They Fought and the Peace They Hoped to Make* (Washington Square, NY: New York University Press, 1994), 1.

superiority and financial opportunism during and immediately after the Second World War destabilized Great Britain's economy in the postwar due to the financial implications of the Anglo-American Loan held against the indebted empire. The Anglo-American Loan encouraged Great Britain to acquire more debts through economic subordination to multilateral trade and to revoke its title as the "Great World Power."

Transition from Wartime to Peacetime

The United States has held no closer alliance than the one with Great Britain in the war-torn 20th century. President Roosevelt was sympathetic to the British once the war began on September 10, 1939, but with a Congress that favored isolationism and a population that was not emotionally ready to seek combat, his hands were tied. Through their bilateral partnership, the United States stood by the United Kingdom economically and diplomatically until its declaration of war in 1941 after the surprise attack at Pearl Harbor, where they soon became military partners. The Congress approved several neutrality acts in order to keep their United States neutral within times of war. The Neutrality Act of 1937 prohibited the sales of arms to those in war, but President Roosevelt saw the looming threat of war and wanted to help his allies. When Czechoslovakia fell in March 15, 1939, President Franklin D. Roosevelt held a special session with Congress to help reinstate an old provision called the "Cash and Carry Policy," which outlines that the United States may sell old ammunition and other resources to Allied nations. The United States Congress passed "The Neutrality Acts of 1939" on November 5, 1939

only after Poland fell into the hands of Germany.² The newly renewed provision was limited as they were to only sell material goods. Some contingencies to the policy was that the countries must buy the product in US dollars and supply their own ships to transport the weapons. Since the neutrality act forbids U.S. ships into international waters, carrying weapons across the Atlantic Ocean would be deemed as an act of war if caught by the Germans.

Many of the British military generals in the War Cabinet fought in World War I and feared the use of trench warfare. They believed that the war would mainly be fought through air raids and trained the troops in this combat. This misguidedness ultimately made the United Kingdom ill-prepared for the warfront and desperate for proper weapons, like rifles and submachine guns. The United Kingdom used the Cash and Carry Policy due to the accessibility of ammunitions, even though it became a costly expenditure in their budget. With the loss of the Gold Standard, the British Pound and US dollar were not of similar value. In 1939, the British Pound converted to 76 cents in US dollars.³ While this vastly depleted British funds, it allowed the United States' economy to boom as they did not have to rely on credit.⁴ The United States was still recovering from the economic devastation of the Great Depression, and the Cash and Carry policy allowed the United States' Gross Domestic Product to slowly rise back to what it was in 1929.

The British Treasury was aware of the consequences frivolous spending on goods from the United States had on the British Reserves, but the political anxiety of the Germans potentially invading Britain was far worse. The British Treasury, on average, spent twenty million pounds a

² "1939 US Neutrality Act (Cash and Carry Policy)," accessed November 19, 2018, <http://xroads.virginia.edu/~1930s2/Time/1939/1939ne.html>.

³ "Nominal Exchange Rate Regimes and the Real Exchange Rate: Evidence from the United States and Great Britain, 1885–1986," *NeuroImage*, April 01, 2002, accessed November 11, 2018, <https://www.sciencedirect.com/science/article/abs/pii/030439329190041L>.

⁴ "1939 US Neutrality Act (Cash and Carry Policy)."

month during the first year of the war. If they were to keep that as a constant rate of spending, then the entire reserve would have been completely depleted by 1943. In 1938, the gold stock in this British Reserves amounted to 800 million pounds, but just a year later, 300 million pounds were spent on the importation of weapons through the cash and carry provision.⁵ John Maynard Keynes, the British financial advisor, believed that the British fighting the war without the United States and the Soviet Union was an economic disaster waiting to happen.⁶ The British were in over their heads, as it was fiscally impossible to decrease their consumption and mass convert all of their production to wartime goods only, thus it made them rely on the exports produced in the United States.

Once France fell in 1940, Britain realized how much they were economically wearing thin. With the Battle of Britain and the campaigning in Africa, their naval fleet was also thinning, which was detrimental to the expansive empire as they were once known for the largest Navy. The Battle of Britain was a major air campaign in the fall of 1940, where the Royal Air Force was victorious in deterring Germany from invading Britain.⁷ People of Congress and Parliament sought the Battle of Britain as the capitulation of the British Empire being inescapable, but Roosevelt remained firm in the demands to help the men fighting this world war. Within Roosevelt's annual State of the Union Address, he stressed to Congress and the US public for a change in the isolationist ideas the Neutrality Acts of the 1930s to an internationalist perspective.⁸ Following the news of risk of British bankruptcy, President Roosevelt enacted a legislation called "Destroyers for Bases" to trade Great Britain old World War I destroyers for 99

⁵ The National Archives Website: Discovery: CAB 24/287/32 Treasury Memorandum of Note on the Financial Situation, 03 July 1939, Description available at <http://discovery.nationalarchives.gov.uk/details/r/D7731437>

⁶ John Maynard Keynes, *How to Pay for the War* (London: MacMillan, 1940), 4.

⁷ "8 Things You Need To Know About The Battle Of Britain," Imperial War Museums, accessed December 12, 2018, <https://www.iwm.org.uk/history/8-things-you-need-to-know-about-the-battle-of-britain>.

⁸ Franklin D. Roosevelt, "Annual Message to Congress on the State of the Union," January 6, 1941, in *The Public Papers and Addresses of Franklin D. Roosevelt. 1940 Volume* (New York: MacMillan, 1941), 663–672.

year leases on army bases in British colonies.⁹ It may have pushed the limits of the neutrality acts, but was technically still allowed since they traded material goods and still receive something of monetary value in return. This allowed American Imperialism to flourish as they had the capability to expand their rule internationally, while the British Empire shrunk in size. The Americans used their growing power to gain territory without fighting, which furthered the gap between the British.

With the victory of the Battle of Britain, it was time for the United States to relinquish more of the neutrality act provisions and create a long-time initiative to help with the war. The Germans had access to any resources and munitions they could get as many countries in Eastern Europe were under their occupation. Third Joint Secretary of the Treasurer, Sir Frederick Phillips, was sent from Britain to the United States to discuss in further detail a solution to the supply problem and a potential dollar loan. The dollar loan was shut down in Congress as it would have repealed an act called the Johnson Act, where no loans were to be made as the Congress did not want to see what happened after the First World War because of the mass American war debts.¹⁰ Cordell Hull, US Secretary of State, urged Sir Phillips to come up with British collateral to help urge the Congress to act upon the introduction of a new program to succeed “Cash and Carry” and the “Destroyer for Bases.”¹¹ Alas, the British had already sold off most of their easily liquidated assets and did not have much to give as their market grew more depressed.

In early January of 1941, a draft of the Lend-Lease Bill went before Congress to seek approval. The Lend-Lease Act became a critical aspect of war as it provided provisions “to sell,

⁹ Alan P. Dobson, *US Wartime Aid to Britain, 1940-1946* (New York: St. Martin's Press, 1986), 20-1.

¹⁰ “Agreed Record of Conversation between the Prime Minister and the President,” 14 Sept. 1944, CAB 78.

¹¹ Dobson, *US Wartime Aid to Britain*, 24.

transfer title to, exchange, lease, lend, or otherwise dispose of... any defense article... for the government of any country whose defense the President deems vital to the defense of the United States.”¹² The United States not only gave tanks or arms, but also food, wiring for radios, and telephones. These articles were to be delivered back to the United States once war ended, but many of the resources would not return. To maximize their return on investments, the United States gained leases to military bases within the Allied Nations. This act led a great portion of the United States’ economy to be materialized and shipped off overseas, while their Allied nations were hit by the casualties of the physical war.

Other countries who received aid through the act included the United States’ enemy of the Cold War, the Soviet Union. Prior to the Lend-Lease, the United States enacted a “moral embargo” on the Soviet Union as they signed a non-aggression pact with Nazi Germany.¹³ Roosevelt knew the greater threat to the world order was not the Soviet Union, but Nazi Germany. With the enactment of the Lend-Lease, Roosevelt cooperated with the Soviet Union and provided oil tankers and other locomotives to the Soviet Union to modernize their railroad system since their military was inferior with what little resources they had possessed. With this modernization of the railroad system, the USSR troops were able to mobilize at a more rapid pace in comparison to the start of the war. Nikita Khrushchev, who was the military commissioner during the war, made note of the significance of the Lend-Lease to their military and victory against the Nazi Germany. In the memoir, Khrushchev explained the discussions with Stalin by stating, “I would like to express my candid opinion about Stalin's views on whether the Red Army and the Soviet Union could have coped with Nazi Germany and survived

¹² Transcript of the Lend-Lease Act of 1941, Section 1, <https://www.ourdocuments.gov/doc.php?flash=true&doc=71&page=transcript>.

¹³ "U.S.-Soviet Alliance, 1941-1945," U.S. Department of State, accessed November 12, 2018, <https://2001-2009.state.gov/r/pa/ho/time/wwii/104430.htm>.

the war without aid from the United States and Britain... He stated bluntly that if the United States had not helped us, we would not have won the war.”¹⁴ The importance of the Lend-Lease Act to the Allied troops was not overlooked, as the countries correlate their victory with the economic implications made by the United States.

The Lend-Lease Act contributed fifty billion dollars in aid with the British receiving over thirty billion dollars. This was over eleven percent of the United States' wartime expenditure. Through the Reverse Lend-Lease, the renting of military bases, the United States gained 6.8 billion dollars from the British and their commonwealth countries.¹⁵ The notable economist Eugene Staley recognized the favoritism the militarily strategic act had towards the global dominance of United States in comparison to the British who were limited due to their acceptance of the wartime aid in his article, *The Economic Implications of Lend-Lease*.¹⁶ Historian Michael Hudson assures this point, that President Roosevelt was aware that the Lend-Lease would grant the United States economic superiority over Great Britain, as the British war assets surmounted their financial holdings, thus the start of the British Empire began to crumble under the economic despair.¹⁷ Without the Lend-Lease Program, the British and Soviet Union would have fallen under the Fascist reigns of Nazi Germany. The United States saved the Second World War through their economic aid. Also, it did not allow the United States the ability to have a European campaign to join the warfront as a strategic partnership with the United Kingdom.

¹⁴ Nikita Khrushchev, *Memoirs of Nikita Khrushchev Commissar, 1918-1945* (Pennsylvania State University Press 2013), 676.

¹⁵ "Lend-Lease: Facts and Numbers," IIP Digital, April 2, 2010, (accessed November 12, 2018, <http://iipdigital.usembassy.gov/st/english/article/2010/05/20100518114619zjsredna0.3529736.html#axzz4OobmrG>).

¹⁶ Eugene Staley, "The Economic Implications of Lend-Lease." *The American Economic Review* 33, no. 1 (1943): 362-76.

¹⁷ Michael Hudson, *Super Imperialism: The Origin and Fundamentals of U.S. World Dominance* (London; Sterling, Virginia: Pluto Press, 2003), <http://www.jstor.org/stable/j.ctt18fs9ws>.

With President Roosevelt's untimely death in April of 1945, Vice President Harry Truman was immediately sworn into office and put in the position to end the war victoriously. One of the first initiatives under the Truman Administration revoked the Lend-Lease Act. With war nearing the end, President Truman and Congress sought to limit the support from the act. The one issue was Section 3c, amended in 1944, which the President held the authority to exercise their executive powers to continue aid after wartime in order to carry out the complete contract.¹⁸ Congress, with the backing of the President, devised a new amendment in April of 1945 revoking Section 3c's terms by stating that the President shall not carry out any contract that required the United States to grant aid to countries for postwar relief or postwar rehabilitation as it was no longer a necessity for the United States' defense.¹⁹ Countries under a Lend-Lease contract, like Great Britain, now had to be further screened and require cash payments for the goods that were still in production and transported before the end of the war.²⁰

The termination of the Lend-Lease in 1945 ended aid from the United States, which occurred on VE Day, and also marked the end of World War II in Europe. Great Britain, who was now economically reliant on the United States, was forced to scrap numerous domestic postwar plans since their financial safety net throughout most of the Second World War broke. Two years prior to this abrupt end of aid, the British Ambassador to the United States, Lord Halifax, gave a speech at Purdue University about the future United States post war financial support for British reconstruction by stating, "I should think little of a man of great riches who had no sense of responsibility to his community and was purely self-indulgent...The same law

¹⁸ 90 Cong. Rec. 4047 (8 May 1944).

¹⁹ U.S. Congress, Senate, Committee on Foreign Relations, *Extension of the Lend-Lease Act*, Hearings on H.R. 2103, 79th Cong., 1st sess. (Mar.-Apr. 1945), 33.

²⁰ Gardner, *Sterling-Dollar Diplomacy*, 177.

goes for great nations”, so when the act ended, it completely blindsided the British.²¹ Within a month after the end of the act, John Maynard Keynes and Lord Halifax, the corresponding British economic advisors, went in front of Congress to ask for postwar aid and received little sympathy after the war as Truman believed that the Lend-Lease was solely a weapon for war.²² This miscommunications between countries was a result of the changing of political parties and the leaders.

The Negotiations of the Anglo-American Loan

The financial inferiority of England to its former colony was apparent, but the British Parliament believed the Anglo-American diplomatic partnership made Britain relevant within the postwar era. With the Labour Party leader, Clement Attlee, succeeding Churchill as Prime Minister in the 1945, talks began of Britain becoming a Welfare State that needed financial backing since the British Funds lacked the means to reconstruct the government. Economic solutions, like increasing British exports, were presented to Parliament, but very few were feasible as the country was indebted to many countries they once traded with. John Maynard Keynes argued to Parliament that Great Britain ratify an agreement with the United States for economic assistance in the form of a grant.²³ He was confident in his plan to secure enough aid to suffice until production levels in Britain were back to prewar levels. Keynes and his colleague Lord Halifax assumed that their fight and role in the beginning of the Second World War granted them compensation in their time of need. He felt there was no need to accept anything less than

²¹ Edward Frederick Lindley Wood, “An English Gentleman Speaks to Americans,” (Speech, West Lafayette, IN, Purdue University, June 21, 1943), Indiana State Library.

²² Gardner, *Sterling-Dollar Diplomacy*, 186.

²³ Gardner, *Sterling-Dollar Diplomacy*, 194.

the six billion dollars grant-in-aid or an interest-free loan as he assured the equality of sacrifice balanced out.²⁴

In September 1945, Keynes arrived in Washington D.C to seek a settlement on the British's Lend-Lease accounts and to present the new inquiry of American aid. Keynes made the case that if the United States did not help, then the British would have to resort to maintaining their wartime controls and bilateral trading as opposed to the mutual interests of a multilateral trade agreement.²⁵ Keynes and Halifax spent three days under the scrutiny of the United States Federal Reserve going into detail of the British funds and how grave of an economic crisis Great Britain faced. Keynes was under strict instructions from Parliament to secure the grant-in-aid, but when telegrams were made to the British Cabinet, they were infuriated that such negotiations were taking place.²⁶ On October 18th, 1945, William Clayton, Assistant Secretary of State for Economic Affairs, proposed to the British representatives a five billion dollar loan with two percent interest over a half a century. The Parliament collectively declined the offer immediately as they were still eager for an interest-free loan.²⁷

In December of 1945, the US's Department of State issued a joint-agreement called "The Anglo-American Financial and Commercial Agreements" that was awaiting approval from Congress and Parliament. The United States and Great Britain were aware of how powerful their diplomatic partnership was to world order and came into agreement to devise a plan acceptable of "mutually advantageous solutions" to economic problems the two governments faced.²⁸ This financial agreement laid out provisions the Americans wanted within the Anglo-American Loan

²⁴ Ibid, 187.

²⁵ Ibid, 188.

²⁶ Ibid, 201.

²⁷ Gardner, *Sterling-Dollar Diplomacy*, 189.

²⁸ "Anglo-American Financial and Commercial Agreements," Washington, D.C., The U.S. Department of State, December 1945, 1.

and drafted a settlement for the British debts from the Lend-Lease. President Truman and Prime Minister Attlee based most of the agreement on the common interest of trade and monetary implications that not only affected their respective countries, but all countries on a multilateral and non-discriminatory basis. The two nations propounded that this agreement acted as a deterrent for war and placed an end to the fear of a divided global economy.

The two governments settled on a 3.75 billion-dollar loan with a relatively small interest rate of 2%. The United Kingdom was to follow the terms of the agreement by using the \$3.75 billion in line of credit as a method to buy goods and services from the United States, regulate and maintain the British Fund's gold and dollar reserves, and integrate into multilateral trade obligations with the United States.²⁹ After December 31, 1951, the interest from the line of credit was to be paid in fifty installments annually at a rate of \$31,823,000 per \$1,000,000 of line of credit withdrawn. In addition to the financial line of credit, the United Kingdom agreed upon terms of their Lend-Lease Settlement and Reciprocal Aid. The net sum the United Kingdom owed to the United States was 650 million dollars. The US owed 118 million dollars to the UK from the furnished and unfurnished goods the country ordered before the termination of Lend-Lease in 1945 and would be adjusted into the amount owed by the UK. The actual amount owed by Great Britain was 532 million dollars and all other transaction placed after January 1st, 1946 were to be paid in cash.³⁰

The other terms the United Kingdom faced when agreeing to this financial agreement granted the United States international dominance over the former "world power." After December 6th, 1945, Great Britain would not arrange long-term loans from governments within the British Commonwealth until the end of 1951, when the country began to pay interest on the

²⁹ Ibid, 2.

³⁰ "Anglo-American Financial and Commercial Agreements," 3.

loan.³¹ The British were to go through the transition of the Sterling convertibility within the maximum of five years. The International Monetary Fund granted Britain the right to waive interests if their domestically-produced exports and net income do not amount to their prewar expenditures. The purpose of these terms was to allow the United Kingdom to moderate import and export controls and grant the United States access to trade through the commercial policy. Though the British were optimistic to be given some form of financial assistance, it was obvious that the United States used their economic superiority to push their international agenda within the guidelines of the loan. The United States further displayed their economic superiority by making Lord Halifax and John Maynard Keynes speak in front of Parliament to secure approval before Congress was able to approve the financial backing.

The Anglo-American financial negotiations had drawbacks that the Conservative Party in Parliament did not agree with. Winston Churchill, the new Leader of the Opposition, believed the loan would hinder Britain's imperialistic spirits and their relationships with their colonies. By accepting the loan, America's economy would flourish as the loan ensured that Great Britain and her colonies would buy enormous amounts of manufactured goods. While he was in support of the loan, he saw how unpopular it was amongst his political party and advocated for member of Parliament to abstain from voting. On December 13, 1945, Churchill gave a speech in the House of Commons stating that his party had the right to abstain as they pleased, but he understood the loan implications from the American perspective. He believed that the Americans had a right to the stipulations of the loan because they wanted Britain to be back on their own feet due to their

³¹ A. Rosenson, "The Terms of the Anglo-American Financial Agreement," *American Economic Review* 37 (March, 1947): 179.

diplomatic partnership and future in trading.³²This speech swayed many Conservatives to abstain with the Leader of the Opposition, which prevented the loan from being defeated in Parliament.

When the British were negotiating the loan agreement in Parliament, many politicians chose to speak out against it. One Conservative critic of the loan negotiations was Former Secretary of State for Burma and India, Leopold Amery. Amery published *The Washington Loan Agreements: A Critical Study of American Economic Foreign Policy*, where he suggested that the sterling-dollar convertibility proposed in the loan agreement was dated and caused the British to lose control of their own currency within the markets, which furthered the American economic control over the British monetary policies.³³ Another Conservative critic of the loan was William Aitken, First Baron of Beaverbrook. Unlike Leopold Amery, Aitken grew sympathetic to the reason the Americans had created the stipulations in the agreement. However, he believed that an alternative to accepting the loan would be to trade within the Commonwealth. Trading from within the British Empire would allow for smaller colonies to be involved with economic integration and allow Great Britain to keep economic independence. Conservatives were not the only people to disagree with the loan, though, as members of the Labour Party also criticized it. Emanuel Shinwell was one of the Labour Party members to oppose the loan due to the very biased provision. As the Minister of Fuel and Power in Prime Minister Attlee's Cabinet, he saw that the Labour Party's acceptance of the loan agreement was unnecessary to the planned economy with the Labour Party's agenda. He believed the adopting of the loan was hypocritical

³² Winston S. Churchill, "Anglo-American Financial and Economic Discussions," Hansard Parliamentary Debates, vol 417 cc641-739, House of Commons, December 13, 1945, <http://hansard.millbanksystems.com/commons/1945/dec/13/anglo-american-financial-and-economic>.

³³ Leopold S. Amery, *The Washington Loan Agreements: A Critical Study of American Economic Foreign Policy* (Macdonald, 1946), 1.

as the American free trade policies skewed the perception the Labour Party had on government intervention producing a strong economy.³⁴

The Labour Party and Prime Minister Attlee agreed with the loan as it financially secured the blueprints for their domestic policies, but they too had their suspicions about their imperial power within global affairs. Attlee and his officials urged Parliament to consider the loan as the Labour Party feared the blame of an economic depression like the one after the First World War. The Labour and Conservative Parties ultimately agreed upon the loan with much hesitation. The Labour Party viewed the loan as a short-term arrangement to help spark the governmental reform and beginnings of a Welfare State. Whereas, the Tories concerned themselves with the international implications of the loan as the adoption of this loan meant the British were required to hold multilateral trade. The Tories realized having manufactured goods with a tag that stated “Made in America” made the British look inferior since they were once the strongest industrialized nation in the Western Hemisphere. Despite what the Tories believed, Winston Churchill was on the same side of the Labour Party. He enjoyed the Anglo-American diplomatic partnership and was in support of the Labour Party’s mission to keep the special relationship alive in order to keep the balance of power in the future.³⁵ In the end, 345 people voted for the loan, 98 voted against the loan, and majority of the Conservative members of Parliament abstained from the vote with 159 abstentions.³⁶ This vote made the members of Parliament

³⁴ Peter F. Clarke, *The Last Thousand Days of the British Empire: Churchill, Roosevelt, and the Birth of the Pax Americana* (New York: Bloomsbury Press, 2009), Audio Book.

³⁵ John Maynard Keynes, *The Collected Writings of John Maynard Keynes*, volume 27, edited by Donald Moggridge (Cambridge and London: Cambridge University Press, 1971-1989), 423.

³⁶ “Anglo-American Financial and Economic Discussions,” *Hansard Parliamentary Debates* vol 417 cc641-739, House of Commons, December 13, 1945, <http://hansard.millbanksystems.com/commons/1945/dec/13/anglo-american-financial-and-economic>.

reflect on their own capabilities to preserve their position as a political influence and was a necessity for Great Britain to not suffer a “financial Dunkirk.”³⁷

The British public saw the Anglo-American Financial Agreement and Commercial Policy as another way for the United States to assert its dominance. The Second World War held an unequal impact to the United States' economy in comparison to the British, who nearly declared bankruptcy halfway through the war. Though the Allied Nations emerged victorious, Great Britain lost numerous private foreign investments and export markets, and their colonies sought independence.³⁸ The British public was aggravated that their ally was exceeding economically with their new title as the world's largest exporter and creditor while Great British was headed to such an economic downturn. In the *London Economist*, the attitudes of most of the British about the loan agreement is best summarized by this quote from a day after the agreement was announced; “the plain truth is that we have, at present, no real option but to accept the American offer... it would be hard to find some Englishman who did not think that advantage had been taken of his country's honourable extremity to drive a very hard bargain.”³⁹ All over the United Kingdom Anti-Americanism was on the rise due to the agreements, but many believed that it was the only option as they were tired of rations and disheveled buildings needing repair from the bombings.

Across the Atlantic, Congress held negotiations of their own about the Anglo-American financial agreements. Fred Vinson, Secretary of the Treasury, and William Clayton, Assistant Secretary of State for Economic Affairs, were the American negotiators. They were advised by

³⁷Philip Gannon, "The Special Relationship and the 1945 Anglo-American Loan." *Journal of Transatlantic Studies* 12, no. 1 (2014): 6.

³⁸ Herbert Schiller, "Economic Factors in Anti-Americanism in Great Britain Since World War II," *Social Science* 31, no. 1 (1956): 36.

³⁹"Anglo-American Financial Agreement," *London Economist*, 6 Dec. 1945, 821. *The Economist Digital Archive*, accessed 14 Nov. 2018.

the President of Chase Bank, Winthrop Aldrich, who held strong opinions of what should be negotiated within the loan. Collectively, they believed that free trade would be one of the major preventative measures against another war. They also believed that the financial agreement assured security within the global economy if the Imperial Preference of 1932 and the British Sterling Area were abolished.⁴⁰ The American co-negotiators treated the daunting task of developing a suitable loan as a business deal. Vinson was a trained lawyer and appointed as the Chief Justice of the Supreme Courts shortly after the finalization of the Anglo-American Loan of 1946. Clayton had strong ties to American business as his business was the largest cotton business in the twentieth century.⁴¹ The treatment of the loan as a business deal surprised Keynes and Halifax, who came to the negotiations unknowingly unprepared without a lawyer present.

From having a first-hand account on the negotiations for the future of the Anglo-American Loan, Winthrop Aldrich proceeded to show his support for it through a pamphlet called “15 Facts on the Proposed British Loan by Committee on International Economic Policy” in 1946. Within this pamphlet, he boasted about Great Britain being one of the top consumers of American products and that the loan’s primary goal for the United States was to gain access to international markets with as little tariffs as possible.⁴² The Democrats were not the only members in Congress to be split on their opinion on the loan, but Republicans failed to collectively hold the same opinion as well. Long-term isolationist Senator Arthur Vandenberg of Michigan shocked his fellow Republican members as he advocated for the loan as a means to continue the U.S.’s diplomatic partnership with England. Like Winston Churchill, he believed in

⁴⁰ Francine Mckenzie, "Renegotiating a Special Relationship: The Commonwealth and Anglo-American Economic Discussions, September-December 1945," *The Journal of Imperial and Commonwealth History* 26, no. 3 (1998): 71.

⁴¹ “Cotton & King,” *Time*, 28.7 (1936): 67.

<http://search.ebscohost.com.ezproxy.rowan.edu/login.aspx?direct=true&db=tma&AN=54810072&site=ehost-live>.

⁴² Winthrop W. Aldrich Papers, Baker Library, Harvard Business School, accessed November 14, 2018, <http://id.lib.harvard.edu/ead/bak00329/catalog>.

order to keep peace during this time with the new world order.⁴³ With the United States as the new great economic and political power, peace was needed to keep their imperialism strong and their rivals stronger.

As the Anglo-American Financial and Commercial Policy stirred up tensions in the Parliament, the American public was well informed on the disagreements of the loan stipulations. The popular opinion was divided just like Congress with 58% of Americans opposing the loan.⁴⁴ Many believed that the United States helped enough during the war and questioned if the loan would benefit U.S. foreign policy. Once the British Parliament approved the loan, President Truman and his Administration worked hard to convince Congress and the public that the loan was crucial to world trade since it would lower trade barriers with England allows the expansion of trade.⁴⁵ After President Truman's special message to Congress on January 30, 1946 about the loan, the American public lost respect for the Truman Administration. In June of that year, 46% of the American public disapproved how the President handled foreign policy towards the rising tensions of the Soviet Union.⁴⁶

The amount of money the British wanted did not concern Congress, but what Congress would receive in return was the top priority of these negotiations. President Truman and his negotiators knew that the acceptance of the loan would be a daunting task. The uncertainty of a successful loan weighed down on many members of Congress, especially since the United States rapidly increased their exports during the war, up from four billion dollars to 15 billion dollars,

⁴³ Arthur Vandenberg, "American Foreign Policy (January 10, 1945)," March 14, 2018, U.S. Senate Speeches, accessed November 14, 2018,

https://www.senate.gov/artandhistory/history/common/generic/Speeches_Vandenberg.htm.

⁴⁴ Gallup Poll (AIPO), March 29-April 3, 1946, Roper Center Public Opinion Archives.

⁴⁵ Harry S. Truman, "Special Message to the Congress Transmitting Financial Agreement with the United Kingdom," January 30, 1946.

⁴⁶ "Harry S. Truman Presidential Approval," Roper Center for Public Opinion Research, accessed November 14, 2018. <https://presidential.roper.center/>.

raising the fear of properly maintaining the US economic growth in the postwar era.⁴⁷ Democrats held total control of the Congress and White House since 1932. However, the Democratic Party within Congress were internally divided by Southern Conservatives and the Northern Liberals, and President Truman struggled with this ideological dichotomy when it came to voting on the loan.

The American public saw their own economic uncertainty begin to form in the postwar era. President Truman, Fred Vinson, and William Clayton were too distracted with the loan negotiations to see that the general public was worried for their own. President Truman ended wartime price control, which made prices inflate, and unions were on strike due to the wages not correlating with the new prices. Breaking away from the war contracts would be beneficial to the Americans because their government spending would be cut immensely. In 1944, the government spending accounted for over half of their GDP as the terms of the Lend-Lease and production needed to meet demands. The American government also gave the British 31 billion dollars' worth of aid and supplies through the Lend-Lease program, and under the Lend-Lease Settlement, negotiated with the loan, only ten percent of the money would be paid back.⁴⁸ The American public also began to compare Britain to the Soviet Union because of how involved the Labour Government was in the economy and lives of their citizens. They saw their President willing to create a line of credit to England, but then warn the public about the horrors of the USSR as a nation without private enterprise.

⁴⁷ President's Economic Report for 1946, Harry S. Truman Papers, Files of Clark M. Clifford, Box 4, dated January 8, 1947, 50.

⁴⁸ R. F. H. "The Anglo-American Loan Agreement." *The World Today* 2, no. 4 (1946), 162.
<http://www.jstor.org/stable/40391904>.

The Anglo-American Loan of 1946

Prime Minister Attlee's domestic plans worried many Congress members because they feared that the loan would fund Socialism in Britain. The Labour Party campaigned for social services like the National Health Service, allowances for children, and public housing.⁴⁹ Having these social services made many American Capitalist nervous to finalize the loan as they believed in a limited government. This was not the only fear Americans faced with the loan. The realization of all the countries that would want a loan from the United States after this also scared them. In 1946, France requested a loan of 500 million dollars to fund their dollar deficit from the importation of American goods, and the Soviet Union was eager to request for one as well. Senator Vandenberg and Eleanor Roosevelt agreed with the line for more loans to Allied countries as a method to keep the alliance together. Vandenberg believed that if the United States were to grant England's loan and not the Soviet Union, troubles would be on the horizon.⁵⁰ By choosing Great Britain over the Soviet Union, it caused a rift in "The Big Three" and end the peaceful cooperation between dueling nations.

Henry Wallace , former Vice-President under the Roosevelt Administration, approved of the loan solely for the future intent to gain more loans. Wallace saw the loan as the perfect way for the United States to keep their power and to gain lucrative deals they would never receive through other negotiations. With the Anglo-American Loan Agreement, Wallace saw the potential to keep the Soviet Union as an ally by granting them a loan just like England.⁵¹ In reality, a Soviet loan request was more controversial because of their Communist government.

⁴⁹ Herbert Schiller, "Economic Factors in Anti-Americanism in Great Britain Since World War II," *Social Science* 31, no. 1 (1956): 36.

⁵⁰ Robert M. Hathaway, *Ambiguous Partnership: Britain and America, 1944-1947* (New York: N.Y., 1981), 236.

⁵¹ Tony Judt, *Postwar: A History of Europe since 1945* (New York: Penguin Books, 2006), 110.

Before the war ended, Soviet Foreign Minister Vyacheslav Molotov argued for supply aid from the United States but was ignored by President Roosevelt in 1945 and President Truman a year later. Unlike the other Allied powers, the Soviet Union was quickly excluded from the “Big Three” and their quest for dominance.

Henry Wallace never stopped advocating for the Soviet Union and personally wrote letters to the president about the obviously anti-Soviet bloc forming and how the president was underestimating the wrath of the Soviet Union.⁵² By the beginning of 1946, the impending fight for global dominance between the United States and the USSR became apparent as the Cold War began. In January, President Truman denounced all Communist governments, which officially severed the ties between the USSR and the USA. In February of 1946, George Kennan, the United States Ambassador to the Soviet Union, sent President Truman an 8,000 word telegram from Moscow warning him that the Soviet Union did not seek peace with the Western countries as they are wary about the motives the Capitalist countries had as they sought more power.⁵³ Although the Soviet Union helped win the war, they were going into dangerous territory by having the United States against them. Following this telegram, President Truman enacted the policy of Containment as a means of protecting the world from the horrors of Communism.

In March 1946, Winston Churchill went on a speaking tour in America to help sway the Congressional vote and the view of the general public. In his infamous “Iron Curtain” speech in Fulton, Missouri he stressed the importance of peace between the Western and Eastern Countries and the need to act upon the Soviet aggression in the East before the Soviet Union’s sphere of

⁵² Henry Wallace, "Letter to President Truman," accessed November 15, 2018, <http://digital.slv.vic.gov.au>.

⁵³ George Kennan, “The Long Telegram,” (Moscow: 22 Feb. 1946), <http://www.historyguide.org/europe/kennan.html>.

influence grew more.⁵⁴ After the speech, Churchill headed to Washington, D.C. by request from Lord Halifax to talk to the prominent New York financier, Bernard Baruch, who was against the loan because of the issue regarding the Labour Party's socialist goals for the British government. Churchill reported back to Halifax concerning Baruch and told the British negotiator that he was not against the loan as Soviet pressure intensified.⁵⁵

The increasing troubles from the Soviets altered the way Congressmen and Americans viewed the Anglo-American Loan Agreement. The Labour Party's plan for England's Welfare States was no longer the justification for opposing the loan, but rather the hastily growing threat of Communism. The final aspect of the loan to be put into fruition was awaiting approval of the loan through the Committee on Banking and Currency, who diligently interrogated the loan before financially backing and sending it to the House of Representatives to be voted on.⁵⁶ With a vote of 219 to 155, Congress, on July 13, 1946, approved the Anglo-American Loan of 1946.⁵⁷ This year long agreement was the official mark of America's economic superiority over Great Britain and their opportunity to take the title as the "great power."

The Anglo-American Loan Agreement arrived at a pivotal time in history for both the United States and Britain. The British were drastically weakened from the Second World War and felt exploited by the American stipulations and concessions that allowed them to expand their power. The Parliament and Congress faced hardships passing the agreements because of the division between parties. It was not until the Soviet Union began to threaten the countries' power that the loan was officially ratified. The United States saw their opportunity to redefine

⁵⁴ "Churchill's Iron Curtain Speech," Westminster College, accessed November 15, 2018, <https://www.westminster-mo.edu/explore/history-traditions/IronCurtainSpeech.html>.

⁵⁵ Robert M. Hathaway, *Ambiguous Partnership: Britain and America, 1944-1947* (New York: N.Y., 1981) 137.

⁵⁶ Peter F. Clarke, *The Last Thousand Days of the British Empire: Churchill, Roosevelt, and the Birth of the Pax Americana* (New York: Bloomsbury Press, 2009), Audio Book.

⁵⁷ Richard N. Gardner, *Sterling-Dollar Diplomacy: Anglo-American Collaboration in the Reconstruction of Multilateral Trade* (Oxford: Clarendon Press, 1956), 254.

international policies, restructure the post war economic order, and spread their desires for a multilateral trade deal on the Anglo-American Alliance as total measure on the diplomatic, economic, and militaristic prosperity. The United States used their influence over the loan to make Britain sign onto the Bretton Woods membership, an agreement on exchange rate stability and global trade development, in order for the British to receive any of the loan.⁵⁸ The British were originally against the Bretton Woods Agreement in 1944, but the United States asserted their power and guaranteed an end to the Sterling Area, which made it difficult for the US to trade with Britain, but also destabilized Great Britain's economy further. Lady Britannica was not the international creditor she once was, instead becoming the debtor to a nation that was once under their thumb.

Afterlife of the Anglo-American Loan of 1946

Many of the American stipulations of the Anglo-American Loan were misconstrued by the British during the negotiations in December of 1945. With Great Britain mainly relying on the United States for compensation to heal the wounds of war, it was imperative that the money would go to good use. The fear of not being able to pay back the loan loomed over Great Britain, as this fear came into fruition after the First World War. In 1932, the British had to default on their debts to the United States from the First World War because of the Great Depression suppressing the global economy in the interwar era. With the history of defaulting on British wartime debts on the mind of American diplomats, the creation of the "escape clause" was introduced in the Anglo-American Financial Agreement. The "escape clause" granted the right to

⁵⁸ "Bretton Woods Conference, 1944," U.S. Department of State, accessed November 15, 2018, <https://history.state.gov/milestones/1937-1945/bretton-woods>.

waive the interest of the loan once the repayment process began in 1951. In order for the “escape clause” to be used, the British’s net income and exports had to be below their prewar levels with the opportunity to defer the interest payments up to six times.⁵⁹ Great Britain’s prewar export levels in 1938 surmounted to £1.88 million, which was 10.2% of their net income.⁶⁰ The waiving of interest provided no assurance that the loan would be paid and not hinder trade with their commonwealth countries. The guidelines in place further distanced the means of Britain’s export values rising in their colonies.

Another misconstrued point in the Anglo-American Loan was that it was an extension of the Lend-Lease program, Bretton Woods, and the International Trade Conference of 1946 all in one. Under the agreement of the loan, Great Britain believed that the “multi-advantageous” view on the commercial trade policy was very one-sided, as the United States benefited greatly due to the mass exportation for Great Britain.⁶¹ Though the loan only served as an extension of credit for trade, by tying the Bretton Woods membership to the loan, the U.S. forced the world’s second largest economy to adhere to principles that the inferior country disapproved of. Aneurin Bevan, one of the creators of the National Health Service, grew weary of the loan’s hidden meanings as he feared that the loan pushed aside British economic prosperity for American gain. He made it clear to Parliament prior to the loan’s approval that it would place Britannica and its colonies at the same level for multilateral trade, which would ultimately deplete the nation’s funds more.⁶² The sole reason Britain joined Bretton Woods was due to the unclear motives the

⁵⁹ "Anglo-American Financial Agreement," *Economist*, 6 Dec. 1945, 821, *The Economist Digital Archive*, accessed 14 Nov. 2018.

⁶⁰ B. W. Patch, "British Export Trade," CQ Researcher by CQ Press, accessed December 12, 2018, <https://library.cqpress.com/cqresearcher/document.php?id=cqresrre1945071400>.

⁶¹ Richard N. Gardner, *Sterling-Dollar Diplomacy: Anglo-American Collaboration in the Reconstruction of Multilateral Trade* (Oxford: Clarendon Press, 1956), 214-15.

⁶² William I. Hitchcock, *The Struggle for Europe: The Turbulent History of a Divided Continent, 1945-2002* (New York: Doubleday, 2003), 55.

United States placed on the loan. The United States held the role as the enforcer of multilateral trade and used diplomatic and economic power to keep it thriving in the 20th century. The Anglo-American Loan became a catalyst for using economic supremacy as a tool in the rising Cold War, and by neglecting to help their former ally, the Soviet Union, the United States had a weapon the Soviet did not have, Western support. Other than the loan's promotion of a cohesive agreement to multilateral trade, it set the boundaries for other aid to be dispersed in Europe, like the Marshall Plan and Truman Doctrine.

In 1946, Great Britain's National Debt ballooned to 250% of their Gross Domestic Product.⁶³ The loss of the Sterling Area made the British economy plummet due to the major countries pegging their money to the US Dollar instead. Before the First World War, the British Pound was the strongest international currency, with London as the financial center of the Sterling Area. Once the Second World War broke out, many countries within the British Empire strove to protect the external value of the Sterling by making it a single exchange control area, much like the "Eurozone" today.⁶⁴ The loan weakened the Sterling Area because it enacted a requirement to remove trade preferences that were heavily-influenced by their colonies and to implement the convertibility of the Sterling. Colonial trade between the dominions became less important because they did not receive the special treatment of tariff-free trade, as other countries resorted to multilateral trade. The colonies recognized the British Empire crumbling in the postwar through the number of soldiers on land. Due to the weak economy and rising costs of maintaining the empire, soldiers were relieved of their duties in British colonies like Nigeria and

⁶³ Philip Thornton, "Britain Pays off Final Instalment of US Loan - after 61 Years," *The Independent*, October 23, 2011, accessed December 12, 2018, <https://www.independent.co.uk/news/business/news/britain-pays-off-final-instalment-of-us-loan-after-61-years-430118.html>.

⁶⁴Robin Edmonds, *Setting the Mould: The United States and Britain, 1945-1950* (New York: W. W. Norton & Company, 1986), 99.

India. Colonial independence movements gained momentum, and India, the jewel of the British crown, grew hostile to the claims Britain made before the war as they were promised full independence after fighting. Upon negotiations, India and Pakistan gained independence on August 15, 1947 under the Partition of India, where British India was split between religious lines.⁶⁵ The loss of colonial power not only incapacitated Britain's global power, but it furthered the United States' global supremacy as the British lost important economic power from their colonies.

The dollar inflation in the United States made many in the Parliament weary of the Sterling convertibility because the trade deficit between the two nations continued to grow at an unsteady rate.⁶⁶ The convertibility took a large sum of the Anglo-American Loan because the rate of exchange between the two currencies was economically unsound. Unfortunately, once it was time to fully convert the Sterling, countries with large Sterling accounts converted them to dollars and further depleted the British Fund.⁶⁷ With the transition from currencies causing economic insecurity in Britain, the British's gold and dollar reserves depleted at a rate similar to the Second World War with the Cash and Carry Provision. By the Summer of 1947, only \$850 million of the loan's line of credit remained. The Truman Administration feared that the dollar depletion and Sterling crisis would result in either destabilizing all of the markets in Europe, or worse, push Europe into the hands of the Soviets by undermining the efforts of reconstruction.⁶⁸ With this knowledge, the US Congress allowed the halt of the process of convertibility because of the major threat to US trade. However, the economic damage already impacted many. In

⁶⁵ Judt, *Postwar*, 293.

⁶⁶ Lawrence James, *The Rise and Fall of the British Empire* (London: Abacus, 2013), 520.

⁶⁷ Robin Edmonds, *Setting the Mould: The United States and Britain, 1945-1950* (New York: W. W. Norton & Company, 1986), 106.

⁶⁸ C. C. S. Newton, "The Sterling Crisis of 1947 and the British Response to the Marshall Plan," *The Economic History Review*, New Series, 37, no. 3 (1984), 391.

October of 1947, Parliament lifted the strict currency control that was enacted years before the Second World War. That following December, the United States Federal Reserve relinquished their hold on the remaining \$400 million from the loan.⁶⁹ At this point, the sun began to fully set on the British Empire.

With the Cold War tensions becoming stronger in Europe, Great Britain soon began to struggle containing it in the Eastern Bloc. Countries like Turkey and Greece had Communist parties seeking government power.⁷⁰ President Truman spoke to a joint session of Congress on March 12, 1947 and said, "it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or outside pressure."⁷¹ The immediate call to action about granting aid to Turkey and Greece followed an announcement by the British Government that by April 1st, it would no longer provide militaristic nor economic aid to the Greek Government in its civil war against the Greek Communist Party.⁷² Great Britain's economy worsened with the Sterling crash and left the United States to deal with the issue of Communism's spread. The American public and government saw the economic assistance as an aid to support the US foreign interests. With Winston Churchill's "Iron Curtain" speech, many were motivated to push Communism back into the USSR. With the creation of the Truman Doctrine, it allowed more economies to be gradually subjected to the terms of the Bretton Woods and to preserve democratic politics in alignment with the United States' best interest.

After the approval of aid for the Truman Doctrine, General George C. Marshall asked Congress to extend aid to war-torn European countries for reconstruction. The implication of aid

⁶⁹ Robin Edmonds, *Setting the Mould: The United States and Britain, 1945-1950* (New York: W. W. Norton & Company, 1986), 109.

⁷⁰ Judt, *Postwar*, 127.

⁷¹ Harry S. Truman, "President Harry S. Truman's Address Before A Joint Session of Congress, March 12, 1947," The Avalon Project, 2008, accessed December 13, 2018, http://avalon.law.yale.edu/20th_century/trudoc.asp.

⁷² "The Truman Doctrine, 1947," U.S. Department of State, accessed December 13, 2018, <https://history.state.gov/milestones/1945-1952/truman-doctrine>.

would allow the countries to gain a secure access to food, clothing, and other necessities imported from the United States, which was similar to how the Lend-Lease provided during the war. General Marshall made it clear that the assistance was dependent solely on the cooperation of the European nations. The countries that were granted the eligibility of the aid needed to agree on their requirements and how they were to contribute to the economic road to recovery.⁷³ On July 12, 1947, The French Foreign Minister, George Bidault, and the British Foreign Minister, Ernest Bevin, called for a joint European conference, including the Soviet Union and its Satellite Nations, to discuss the initiative General Marshall organized. The conference was held in Paris and was called the Committee of European Economic Cooperation.⁷⁴ Their motive was to find a proper recovery plan to strengthen Europe to its former glory. Like Great Britain, many European nations' gold and dollar reserves were left dry from the war effort, crippling their ability to finance trade with other countries like the United States, which limited their ability to finance their imports. The Marshall Plan created a way for European Markets to compete with American ones and closed the gap between the American deficits.

Following the Committee of European Economic Cooperation conference, General Marshall and President Truman looked into methods of paying for the grant-in-aid. Since the World Bank capped on the amount of money given as international aid at \$2.3 billion, much more aid was needed for 22 countries. The United States, under the approval of the April 2, 1948 "Economic Cooperation Act," granted \$13 billion in aid to European countries to rebuild their governments and countries after the war.⁷⁵ The motive of this financial assistance furthered

⁷³ George Marshall, "The Marshall Plan Speech," George C. Marshall Foundation, accessed December 13, 2018, <https://www.marshallfoundation.org/marshall/the-marshall-plan/marshall-plan-speech/>.

⁷⁴ Henry Pelling, *Britain and the Marshall Plan* (New York: St. Martin Press, 1988), 13-17.

⁷⁵ "Economic Cooperation Act of 1948." George C. Marshall Foundation, accessed December 13, 2018, <https://www.marshallfoundation.org/library/documents/economic-cooperation-act-1948>.

America's conquest of imperial power and contained Communism, which was thriving in broken governments. If the Soviet Union decided not to expand their sphere of influence due to an economic relapse, the United States gained the upper hand by being the top influencer of European Markets. The reconstruction of Europe became top priority to the fiscally-minded United States as multilateralism would fall and push European countries away from using the US Dollar through exchange and market controls. Richard N. Gardner argued that the Anglo-American collaboration efforts to rebuild multilateral trade were a failure because of the thirst for power and the race to be on top becoming a priority. Multilateral trade needed to be a collaboration where each country worked together, but the separation of political jargon and economic policies became far too great for some countries to comprehend. The additional aid granted to these war-torn countries provided the United States with a secure economic backbone in Europe by creating more trade partnerships, just like the Anglo-American Loan of 1946.⁷⁶

Conclusion

The Anglo-American Loan was one of the most important economic agreements between the United States and Britain within the 20th century. Great Britain seized the ability to fall into economic calamity due to the loan. Great Britain hit a low point during the war as their industries and people suffered from Axis Powers bombing and economic uncertainty that followed onto the warfront. It was fiscally impossible for Great Britain to stay an economic power, even if they were the second largest economy, because of how indebted they were to their colonies and the US. Without the Anglo-American Loan, Great Britain would be economically isolated from trade

⁷⁶ Gardner, *Sterling-Dollar Diplomacy*, 303-4.

as they would not earn enough money to pay for the importation of food and clothing for their population to gain an adequate standard of living. Defaulting on World War I debts, explicit wartime aid from the United States, the Sterling Crisis of 1947, and the reliance on their colonies caused the once largest empire to crumble in the postwar era.

The world now recognized the United States as the “Great World Power” due to the fiscal supremacy America left on Europe after the war. The United States became the Great Power as they saw the opportunity to spread their influence in Europe by using their former colonizer as a launching pad to the European markets. Great Britain went from a creditor nation during the First World War to a debtor nation. Through wartime economic aid and multilateral trade, the United States became a financially strong world leader and asserted their strengths on areas that were never witnessed in United States’ history. By enforcing their Capitalistic free trade interests on Britain during the loan agreements, the United States set precedence for financial agreements for years to come. The once “fortunate relationship” Eleanor Roosevelt coined for the diplomatic partnership between Great Britain and United States became a competition for world dominance that the Americans won.

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