INTRODUCTION

Today many a thoughtful American is looking toward the future with profound misgivings. Nor is it surprising that this is so. We live in troubled times. We have emerged victorious from the most terrible war in history. But the world we live in is not, as yet, a world at peace. Its peoples are not one. They do not speak the same language. They do not attach the same meanings to the same words. They are divided in their beliefs and in their practices—with respect to economic and political organization, with respect to human rights, to freedom and democracy. They are still suspicious of one another, distrustful and afraid. They are still in arms and they still seek their ultimate security in military might. Whether these divergent views can soon be reconciled, these suspicions dispelled, and these arms laid away, no man can now say. The real test will come, again and again, when the nations are asked to take smaller risks for greater gains, to sacrifice smaller advantages for the greater good. And no one knows whether they will do it-or when.

In such an atmosphere, the task of rebuilding a stable world order appears to be impossibly difficult. But the obstacles before us, serious as they may be, should not be permitted to obscure the very great progress that has already been made. And that progress has been great. The American people have come, most of them, to realize the role that they must play in world affairs. They have displayed a readiness to assume the responsibility that goes with power. The record of the United States, during and since the war, is one for which we need offer few apologies. We have financed our allies, during the war, through the instrument of lend-lease; we have had the wisdom, once the war was over, to cancel the lend-lease account. We have contributed heavily to relief, resettlement, and rehabilitation. We have made grants and loans for reconstruction, unprece-

dented in magnitude and in the generosity of their terms. We have taken action to promote the development of backward areas, to stabilize currencies, and to reduce barriers to trade. We have taken the lead in binding the world together in a network of organizations for international cooperation: the United Nations and its specialized agencies in the fields of food and agriculture, money and banking, shipping, aviation, and communications, labor, health, resettlement, and cultural interchange. With other nations, we are developing the programs and organizing the institutions through which we can work together, side by side, to reconstruct a shattered world. For so much in the way of concrete achievement, in so short a time, there is no precedent in history. Much has been done; much remains to be done.

We, in America, have demonstrated our willingness fully to participate in political affairs; to lend and give for relief and reconstruction all around the world. But our determination to carry through, in economic matters, is still in doubt. Too many of us still fail to realize the implications of our national policies. Too many are reluctant to admit that our foreign relations, whether political or economic, are indivisible; that we cannot successfully cooperate in the one field if we fail to cooperate in the other.

One of our elder statesmen, once Secretary of State and later Secretary of War, has put our situation in the following words: "Americans must now understand," writes Mr. Stimson, "that the United States has become, for better or worse, a wholly committed member of the world community. This has not happened by conscious choice; but it is a plain fact, and our only choice is whether or not to face it. For more than a generation, the increasing interrelation of American life with the life of the world has out-paced our thinking and our policy; our refusal to catch up with reality during these years was the major source of our considerable share of the responsibility for the catastrophe of World War II.

"It is the first condition of effective foreign policy that this nation put away forever any thought that America can be an island to herself. No private program and no public policy, in any sector of our national life, can now escape from the compelling fact that if it is not framed with reference to the world, it is framed with perfect

futility. This would be true if there were no such thing as nuclear fission, and if all the land eastward from Poland to the Pacific were under water. Atomic energy and Soviet Russia are merely the two most conspicuous present demonstrations of what we have at stake in world affairs. The attitude of isolationism—political or economic—must die; in all its many forms, the vain hope that we can live alone must be abandoned." *

The logic of our position allows us no alternative. We must go on, in international cooperation, from politics to economics, from finance to trade. World organization for security is essential; but if it is to succeed, it must rest upon continuous international participation in economic affairs. The provision of relief, the stabilization of currencies, and the extension of credits are necessary and desirable; but if the peoples who now depend upon relief are soon to become selfsupporting, if those who now must borrow are eventually to repay, if workers on farms and in factories are to enjoy the highest possible levels of real income, if standards of nutrition and health are to be raised, if cultural interchange is to bear fruit in daily life, the world must be freed, in large measure, of the barriers that now obstruct the flow of goods and services. If political and economic order is to be rebuilt, we must provide, in our trade relationships, the solid foundation upon which the superstructure of international cooperation is to stand.

^{* &}quot;The Challenge to Americans," Foreign Affairs, October 1947.

PART I

THE BACKGROUND

OF THE HAVANA CHARTER