

## “Wall Street’s Peace Shenanigans”: Stalin and a U.S.-Soviet Backchannel during the Korean War

During the Cold War, the Soviet people learned from newspapers and propagandists that “Wall Street” was synonymous with the ruling class of the United States. Countless cartoons and headlines touted “the Wall Street shenanigans,” usually meaning war-mongering and anti-Soviet plotting. At universities and party schools, students memorized Vladimir Lenin’s thesis that big business, especially the financial oligarchy of the largest banks, controls government and foreign policy in capitalist countries. Soviet diplomats constantly repeated this mantra at international meetings.<sup>1</sup> This article tells a story about how some U.S. big business actors really behaved, which was in contrast to the Soviet propaganda narrative. In 1950–52, at the height of the Korean War, U.S. corporate business leaders, along with the leaders of philanthropic institutions, especially the Quakers, both acted at the behest of the U.S. government and demonstrated agency of their own. Yet in all cases they acted in contradiction of Leninist dogma. Even when seeking to influence U.S. foreign policy, the main motive of U.S. “Wall Street” and corporate business figures was not to exacerbate war tensions or seek war profits, but to prevent their further escalation.

The Soviet archives, where these efforts generated a paper trail, revealed another surprise: Soviet leader Joseph Stalin, we discovered in researching this particular episode, did not always share the Leninist dogma. Whether or not Stalin knew about the Logan Act of 1799 that forbids U.S. citizens from conducting diplomacy without prior authorization from the government, he was deeply mistrustful of the ability of “Wall Street” to act autonomously of the U.S. government. As a result, initiatives and peace feelers coming from influential non-government U.S. circles during the Korean War failed to make a dent in the mutual U.S.-Soviet mistrust, missing a chance to revive diplomacy between the main Cold War protagonists.

1. See Rósa Magnúsdóttir, *Enemy Number One: The United States of America in Soviet Ideology and Propaganda, 1945–1959* (Oxford, 2019); and Eric Shiraev and Vladislav Zubok, *Anti-Americanism in Russia: from Stalin to Putin* (New York, 2000). On the disastrous effects of Soviet propagandist clichés abroad see Vladimir Pechatnov, “Exercise in Frustration: Soviet Foreign Propaganda in the Early Cold War,” *Cold War History* 1, no. 2 (2001): 1–27.

Korean War historiography covers well the conflict's political origins, its military dynamics, and its impact on the larger Cold War context, both domestic and international. Historians now agree that neither side expected nor wanted the escalation of hostilities. Stalin, as Soviet sources amply confirm, did not want a big war. He was fully aware that the Soviet Union (USSR) was too weak for a direct confrontation with the United States. At that time the country still was recovering from enormous losses suffered during World War II and was vastly inferior to the United States in all aspects: economic, financial, military, and geostrategic. The Soviet leader was surprised and alarmed by the U.S. resolve to come to the rescue of the South Korean regime. Without admitting his mistake, he avoided a headlong collision with the predominant power of the United States, while doing his best to pull forces from the People's Republic of China into the war.<sup>2</sup> U.S. President Harry S. Truman and Secretary of State Dean Acheson also did not want escalation of the war, yet the Truman administration reacted to the conflict to obtain vast resources from Congress, enhance U.S. military might, and strengthen U.S. geostrategic positions in the Pacific, the Middle East, and Western Europe. Meanwhile, the war took on a life of its own and put Moscow and Washington on a collision course. In September–November 1950, between the Inchon landing and the counterattack of “Chinese volunteers,” the Korean War went through its most dramatic points, when each side in the conflict alternatively faced the prospect of a dramatic victory, and then an unexpected, crushing defeat.<sup>3</sup>

Those dangerous developments took place against the background of a complete breakdown in diplomatic communications. Stalin and Truman had not met since August 1945. Long before 1950, even routine contacts with U.S. diplomats in Moscow and with Soviet diplomats in Washington became “toxic.” On both sides, diplomacy was at the service of the Cold War and propaganda. The Soviet leader viewed all Soviet institutions abroad as besieged fortresses and intelligence stations, and kept Soviet diplomats under everyday surveillance and on an extremely short leash. Every contact with a foreign official required an

2. Kathryn Weathersby, “Should We Fear This? Stalin and the Danger of War with America,” *CWIHP Working Paper* 39 (2002), last accessed February 17, 2023, <https://www.wilsoncenter.org/publication/should-we-fear-stalin-and-the-danger-war-america>. The Chinese perspective is presented in Chen Jian, “In the Name of Revolution: China’s Road to the Korean War Revisited,” in *The Korean War in World History*, ed. William Stueck (Lexington, KY, 2004), 93–125. See also Anatoly Torkunov, *Zagadochnaia voina. Koreiskii konflikt 1950–1953 godov* (Moscow, 2000); Vladimir Pechatnov, “The Soviet Union and the world, 1944–1953,” in *The Cambridge History of the Cold War* vol. I, eds. Melvyn P. Leffler and Odd Arne Westad (Cambridge, 2010), 90–111; Niu Jun, “The Birth of the People’s Republic of China and the Road to the Korean War,” in *The Cambridge History of the Cold War* vol. I, eds. Leffler and Westad, 221–241; and Shen Zhihua, “Sino-Soviet Relations and the Origins of the Korean War: Stalin’s Strategic Goals in the Far East,” *Journal of Cold War Studies* 2, no. 2 (2000): 44–68.

3. See William W. Stueck, *Rethinking the Korean War: A New Diplomatic and Strategic History* (Princeton, NJ, 2002); Robert Jervis, “The Impact of the Korean War on the Cold War,” *The Journal of Conflict Resolution* 24, no. 4 (1980): 563–592; and most recently Samuel F. Wells, Jr., *Fearing the Worst: How Korea Transformed the Cold War* (New York, 2019).

authorization from *Instantsia*, the bureaucratic euphemism that stood for Stalin.<sup>4</sup> Inside the United States, the Truman administration forged an anti-communist, anti-Soviet consensus. Despite this, the administration became targets of ever more radical attacks by its Republican opposition. Senator Joseph McCarthy (R-WI) focused on Acheson’s State Department as a nest of high treason.<sup>5</sup>

In this situation, private U.S. citizens, leaders in corporate law, business, and philanthropic organizations, took matters into their own hands. Their initiative has so far escaped historians’ attention, until Vladimir Pechatnov discovered previously unknown evidence of unofficial U.S.–Soviet contacts in the Kremlin’s Presidential Archive in Moscow.<sup>6</sup> We then traced the U.S. side of this story, finding some particularly important documentation of those contacts in Philadelphia. It took some time to weave those contacts and communications into a narrative. The result is a previously unexplored diplomatic facet of the history of the Korean War. It adds a new wrinkle to the biographies of leading U.S. cold warriors of the time, such as George F. Kennan, Dean Rusk, and Acheson.<sup>7</sup> The article also speaks to several historiographic strands, including the role of ideology and ideational motives in U.S. and Soviet foreign policy, and the role of public diplomacy, and of government-private citizens’ networks in the early Cold War.<sup>8</sup> The unusually frank nature of interactions between the participants during the peace initiative contributes to the exploration of perceptions, misperceptions, and emotions on the U.S., and, to an extent, on the

4. Vladislav M. Zubok, “Soviet Intelligence and the Cold War: the ‘Small’ Committee of Information, 1952–1953,” *Diplomatic History* 19, no. 3 (1995): 453–472.

5. On McCarthyism and other aspects of the domestic-driven deformation of U.S. foreign policy see: John Fousek, *To Lead the Free World: American Nationalism and the Cultural Roots of the Cold War* (Chapel Hill, NC, 2000); Laura McEnaney, “Cold War Mobilization and Domestic Politics: The United States,” in *The Cambridge History of the Cold War* vol. I, eds. Leffler and Westad, 420–441; Les K. Adler and Thomas G. Paterson, “Red Fascism: The Merger of Nazi Germany and Soviet Russia in the American Image of Totalitarianism, 1930s–1950s,” *American Historical Review* 75, no. 4 (1970): 1046–1064; H.W. Brands, *What America Owes the World: The Struggle for the Soul of Foreign Policy* (Cambridge, 1998).

6. During the 1990s, one of the authors (Vladimir Pechatnov) had official access to the Archive of the President of the Russian Federation (hereafter APRF), along with a few Russian scholars (e.g. Oleg Rzheshesky, Grigory Sevostyanov, and Alexander Fursenko). This archive is closed to foreign researchers.

7. See Walter L. Hixson, *George F. Kennan: Cold War Iconoclast* (New York, 1989); John L. Gaddis, *George F. Kennan: An American Life* (London, 2011); Thomas J. Schoenbaum, *Waging Peace and War: Dean Rusk in the Truman, Kennedy, and Johnson Years* (New York, 1988); Robert J. McMahon, *Dean Acheson and the Creation of an American World Order* (Washington, D.C., 2008); Robert L. Beisner, *Dean Acheson: A Life in the Cold War* (London, 2009).

8. On the role of ideology, see Nigel Gould-Davies, “Rethinking the Role of Ideology in International Politics During the Cold War,” *Journal of Cold War Studies*, 1, no. 1 (1999): 90–109; Anders Stephanson, “Liberty or Death: The Cold War as US Ideology,” in *Reviewing the Cold War: Approaches, Interpretations, Theory*, ed. Odd Arne Westad (London, 2000), 81–100; David S. Foglesong, *The American Mission and the ‘Evil Empire’: The Crusade for a ‘Free Russia’ since 1881* (New York, 2007). On the topic of non-state actors and public diplomacy see: Akira Iriye, *Global Community. The Role of International Organizations in the Making of the Contemporary World* (Berkeley, CA, 2002); Inderjeet Parmar, *Foundations of the American Century: the Ford, Carnegie, and Rockefeller Foundations in the Rise of American Power* (New York, 2012).

Soviet sides.<sup>9</sup> Last, but not least, our new evidence sheds additional light on Stalin's thinking during the last and murkiest years of his life.

This study resonates with later cases of Cold War backchannels and informal approaches between U.S. elite individuals and Soviet officialdom.<sup>10</sup> These episodes also help us better understand larger phenomena, such as the socio-cultural history of U.S. Cold War elites, beginning with what the old historiography referred to as the "Eastern establishment" or "wise men."<sup>11</sup> Long out of fashion with scholars, this phenomenon comes through powerfully in the Soviet, as well as U.S. records of foreign policy during the Cold War from its very inception into its last phases. More broadly, this article points at shifting boundaries between state and non-government spheres in U.S. foreign policy, as well as the role of social-cultural aspects in the formation of this policy.

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In September 1950, as the Korean War was taking a new, sharp turn, Soviet diplomat Semen Tsarapkin, deputy permanent representative at the United Nations (UN), received a note from William W. Lancaster, a partner of the New York law firm Shearman, Sterling, and Wright, and Vice President of the National City Bank of New York, the second-largest U.S. bank. Lancaster was not the only private U.S. citizen who began to contact both Soviet and U.S. officials with various proposals for how to save the world. Others included former First Lady Eleanor Roosevelt, Vice President of the United World Federalists Grenville Clark, and nuclear physicist (and friend of Albert Einstein) Leo Szilard. Yet it was Lancaster's approach that immediately attracted attention among the senior figures of Soviet diplomacy: Soviet Ambassador to the United Nations Yakov Malik, First Deputy to the Minister of Foreign Affairs Andrei Gromyko, and finally Foreign Minister Andrei Vyshinsky. The latter sent an urgent telegram about Lancaster's approach to Stalin, who was at that time on vacation on the Black Sea coast, at a state dacha near Gagra.<sup>12</sup>

Lancaster, well-known in Moscow since the early 1930s as a serious business partner and a consistent advocate of U.S.-Soviet cooperation, previously had helped lead the campaign for U.S. diplomatic recognition of the USSR. He also

9. See Robert Jervis, *Perception and Misperception in International Politics*, new edition (Princeton, NJ, 2017); Frank Costigliola, *Roosevelt's Lost Alliances: How Personal Politics Helped Start the Cold War* (Princeton, NJ, 2013); Costigliola, "I React Intensely to Everything": Russia and the Frustrated Emotions of George F. Kennan, 1933–58," *Journal of American History* 102, no. 4 (2016): 1075–1101.

10. See James G. Hershberg, *Marigold: The Lost Chance for Peace in Vietnam* (Stanford, CA, 2014); David C. Geyer and Douglas E. Selva, eds., *Soviet-American Relations: The Détente Years, 1969–1972* (Washington, D.C., 2007).

11. The classic works remain David Halberstam, *The Best and the Brightest* (New York, 1972); Ronald Steel, *Walter Lippman and the American Century* (New York, 1981); and Walter Isaacson and Evan Thomas, *The Wise Men: Six Friends and the World They Made: Acheson, Boblen, Harriman, Kennan, Lovett, McCloy* (London, 1986).

12. Telegram from A. Vyshinsky on September 27, 1950, Fond 3, Opis 66, Delo 299, L. 82–85, APRF.

had conducted talks on the settlement of the Tsarist and the Provisional Government’s debts to the United States so that Moscow could obtain U.S. credits and loans. In the summer of 1932, Lancaster visited the Soviet Union and held extended talks with First Deputy Chairman of *Gosplan* (The State Planning Agency) Valery Mezhlauk and other high-ranking Soviet economic officials. Gromyko also stressed that Lancaster paid regular visits to the Soviet Embassy in Washington, as part of his efforts to improve U.S.-Soviet relations.<sup>13</sup> “It is known to us,” reported Andrei Gromyko to the Soviet leadership in his “profile” of Lancaster, “that for many years he had been taking a favorable stand with regard to the Soviet Union and in conversations with U.S. politicians he advocated a need to improve Soviet-American relations.” Lancaster was in effect the only prominent banker who, even in the years of the Cold War, continued to take part in the activities of the National Council of American-Soviet Friendship, launched after Germany attacked the Soviet Union in 1941. Because this organization was “guided by the U.S. Communist party” back then, Gromyko added, Lancaster encountered unpleasant questioning later from the U.S. Congress’ Committee for Un-American Activities.<sup>14</sup>

Stalin, however, did not need to be reminded of who Lancaster was. He remembered 1932 well, when he, also from his summer Black Sea residence, had followed closely the details of Lancaster’s talks with Soviet officials and sent his own directions on the settlement of the credits for debts problem which became the basis of negotiations with the American banker. Stalin had paid serious attention to Lancaster’s visit as a sign of a changing U.S. attitude towards the Soviet Union and reprimanded his Politburo subordinates for underestimating its significance. In a letter to Lazar Kaganovich, the Soviet leader referred to Lancaster as “a representative of one of the most powerful American banks.”<sup>15</sup> Even though the 1932 talks ended with no agreement, Stalin, with his firm grasp of facts and names, surely remembered Lancaster.

In 1950, Lancaster’s interest seemed to open a backchannel for possible U.S.-Soviet negotiations. On September 26, at a secret meeting with Tsarapkin (authorized by Malik), Lancaster proposed to arrange a confidential meeting between a representative of the Soviet UN mission with “a responsible official of the State Department” at his country house on Long Island, to discuss the Korean Question. Such a meeting, Lancaster said, would be held “off the record” and would have “a preliminary and investigative character.” If such a meeting does not take place, added Lancaster, “we both will forget this

13. Diary of Konstantin Umansky, July 28, 1938, Fond 5, Opis 18, Papka 147, Delo 132, L. 45, The Archive of Foreign Policy of the Russian Federation (hereafter AFPRF).

14. Spravka [information] to the telegram of Com. Vyshinsky, September 27, 1950, Fond 3, Opis 66, Delo 299, L. 88, APRF.

15. O.V. Khlevniuk, ed., *Stalin i Kaganovich. Perepiska. 1931–1936 gg.* (Moscow, 2001), 130, 144, 150–159, 162, 185–186, 205. For more details on Stalin’s role in those talks, see G.N. Sevostianov, ed., *Moskva-Washington: Politika i Diplomatiya Kremlya, 1921–1941*, vol. 2 (Moscow, 2009), docs. 178–179, 184, 188–190, 220.

conversation.” In his report on this meeting for the Politburo, Gromyko shared the view of his colleagues that Lancaster “without doubt” spoke on behalf of the State Department.<sup>16</sup>

Lancaster indeed was in contact with the State Department, but his initiative did not originate solely from that institution. For many years the banker collaborated with the Philadelphia-based American Friends Service Committee (AFSC), an organization founded by U.S. Quakers in 1917 to help conscientious objectors find alternatives to war service. AFSC activists were involved in a number of campaigns to provide humanitarian assistance and relief in Soviet Russia, and generally supported better U.S.-Soviet relations. The Committee, as recent research reveals, produced a number of people who joined the U.S. Communist Party and became important intermediaries for the Soviet government. When the Cold War began, Quakers were deeply concerned by what they saw as the growing danger of an arms race and another war. Their moral authority and extensive ties to political and social elites of the country gave them a prominent international profile. In 1947, the AFSC and their British partner the Friends Service Council received the Nobel Peace Prize “for their pioneering work in the international peace movement and compassionate effort to relieve human suffering, thereby promoting the fraternity between nations.”<sup>17</sup> Their concern that the Korean War had potential to trigger a global conflict energized the Quakers’ efforts to find a peaceful resolution.

Clarence Pickett, executive secretary of the AFSC for twenty-one years, was “probably the best-known Quaker in the United States at the time, save former President [Herbert] Hoover.” In fact, Hoover at one point called Pickett “too much of a politician . . . [more] than a Quaker ought to be.”<sup>18</sup> Pickett and his AFSC associates had excellent connections in the State Department, particularly with individuals previously involved in philanthropic work. They regularly met foreign diplomats and other international figures, including from India and other Asian countries, but also the Soviet representatives, at embassies and in

16. A cyphered telegram from New York by Vyshinsky, September 27, 1950; Spravka [information] to the telegram of Com. Vyshinsky, September 27, 1950, Fond 3, Opis 66, Delo 299, L.88-89, APRF.

17. “The Nobel Peace Prize 1947,” *The Nobel Prize*, last accessed February 16, 2023, <https://www.nobelprize.org/prizes/peace/1947/summary/>. On the international views and activities of the Committee, see H. Larry Ingle, “The American Friends Service Committee, 1947-49: The Cold War Effect,” *Peace & Change* 23, no. 1 (1998): 27-48; Gregory A. Barnes, *A Centennial History of the American Friends Service Committee* (Philadelphia, PA 2016); and Iriye, *Global Community*. For the Quakers’ stand on the Cold War, see American Friends Service Committee, *The United States and the Soviet Union: Some Quaker Proposals for Peace* (New Haven, CT, 1949). The most recent study on the Quakers’ public diplomacy efforts is: David McFadden, *Origins of People-to-People Diplomacy, U.S. and Russia, 1917-1957* (Abingdon, 2022), 2-11.

18. On Pickett, see Ingle, “The American Friends Service Committee, 1947-1949,” 30; Ingle, “Lessons from Quaker History: What’s a Historian to Say about Whittaker Chambers and Clarence Pickett?,” *Quaker History* 107, no. 1 (2018): 4; Clarence Pickett, *For more than bread: an autobiographical account of twenty-two year’s work with the American Friends Service Committee* (Boston, MA, 1953). McFadden mentions Pickett only once in *Origins of People-to-People Diplomacy*.

the United Nations headquarters, then located in Lake Success Village, Long Island.

On September 11, 1950, Pickett and an associate from the AFSC met in the State Department with Assistant Secretary of State for Far Eastern Affairs Dean Rusk, who briefed him on the situation in Korea. Rusk, according to Pickett’s records, informed the Quakers that the United States would “in about two weeks make a powerful military drive in Korea.” The Chinese and the Russians “know it and are in the process of making up their mind” about how to react. Rusk preferred a settlement to a military resolution of the conflict. He suggested it would help if Pickett and his friends could “in any way get “intimations from the Russians, especially [at the UN]” on what concessions they could make and “what concessions they would like to have from us.” Pickett proposed to contact Lancaster, “who might be more helpful than we.” Pickett and his AFSC associate mentioned a proposal from the Indian diplomats at the UN to serve as intermediaries between the U.S. and Soviet representatives. Rusk, however, felt that “at least for the immediate emergency this is too slow” and said that only direct contacts with “the Russians” could produce results. Pickett remarked it would be “the game of power politics” to talk secretly over the heads of other countries. Rusk responded that such a game was inevitable, “when you have much concentration of power in two countries and such relative impotence in other countries.”<sup>19</sup> Taking Pickett’s advice, Rusk called Lancaster, and this resulted in the banker’s signal to Tsarapkin.

Meanwhile, the UN troops, after their landing in Inchon, were routing the North Korean military forces. On September 28, the Americans took Seoul and by October 8, the UN armies reached the 38th parallel. This only helped to focus Stalin’s attention on the unusual U.S. diplomatic initiative. Lancaster’s message signaled that, after these military successes, responsible U.S. officials might be ready for a negotiated end of the hostilities. On September 27, the same day Stalin received Vyshinsky’s cable from New York, he instructed Gromyko to arrange a meeting between Malik and a representative of the State Department. The consent of the *Instantsia* to such a meeting was “legalized” as a Politburo decision, a requirement for major policy departures. Malik was ordered “to sound out a State Department representative, and if it becomes apparent that Americans make a step towards a peaceful settlement of the Korean question, to declare that he, Malik, would think about it and reply at the next meeting.”<sup>20</sup> The next day, September 28, Tsarapkin met with Lancaster and informed him that the Soviet side agreed to meet with the U.S. representative.

19. Clarence Pickett’s Journal (hereafter “Pickett Journal”), September 11, 1950, Clarence Pickett Papers, The Archives of the American Friends Service Committee, Philadelphia, PA (hereafter AAFSC).

20. Telegram to Vyshinsky, New York, September 27, 1950, Fond 3, Opis 66, Delo 299, L. 85, APRF.

Pickett rushed by train to Washington to break the news to Rusk, while Lancaster negotiated with Malik over meeting details. No paper trail leads to Secretary of State Dean Acheson, who perhaps wanted to preserve plausible deniability. Rusk and Malik met on October 1 in Lancaster's house at Manhasset, Long Island, close to the UN headquarters. Rusk arrived one hour later than planned, due to his plane's unexpected re-routing from LaGuardia to Newark. The Quakers picked up the U.S. official at a local train station and arrived at Lancaster's place just a few minutes ahead of Malik's arrival. The timing prevented "a conference" between Rusk and Lancaster about how to handle the meeting. At dinner the two officials were reserved and limited themselves to general talk on contentious issues, including the Berlin blockade, the Soviet role in the outbreak of the Korean War, and control over atomic energy. Lancaster attempted to break the ice. He said he "was certain that if two intelligent men like Mr. Malik and Mr. Rusk get together they could find a formula to bring the [Korean] affair to the end." Rusk responded, according to his record, that "Mr. Lancaster was very flattering if he thought the two of us could suddenly produce a formula which would solve Korea." The next day, Lancaster reported on the meeting to Pickett and his associates, stating he felt Rusk's reserve was more obvious, while Malik was more outgoing. Malik expressed to Lancaster his interest in continuing confidential contacts. He even gave Rusk a lift to a railway station.<sup>21</sup>

Confidential contacts proceeded between the U.S. and Soviet delegations in the UN headquarters. Pickett wrote in his journal that Malik showed interest in meeting with representatives of American business. This proposal may have been Malik's own initiative or just a courtesy. His instructions from Moscow did not authorize such contacts. If it were a serious proposal, it meant that the ambassador was more autonomous in his actions than commonly expected from Soviet diplomats of the times. Pickett seized the chance, however, and continued to pursue the backchannel. Pickett contacted the Director of the Rockefeller Foundation's Social Sciences Division Joseph Willits (a fellow Quaker) and they decided to put together a business group for a conference with Malik. The people on their list were Chester Barnard, head of the Rockefeller Foundation and former long-time president of the New Jersey Bell Telephone Company, a branch of AT&T, Charles Edward Wilson, the CEO of General Electric, and Henry Ford II, head of Ford Motor Company. None of them were Quakers. Pickett did not know Wilson or Ford, but Horace Rowan Gaither, another well-connected

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21. Memorandum of Conversation by the Assistant Secretary of State for Far Eastern Affairs (Rusk), October 4, 1950, *Foreign Relations of the United States* (hereafter *FRUS*), 1950, vol. IV, Central and Eastern Europe; the Soviet Union, eds. William Z. Slany, Charles S. Sampson, and Rogers P. Churchill (Washington, D.C., 1980): doc. 701; Pickett Journal, October 2, 1950, AAFSC.



establishment figure, banker, and attorney who was one of the founding fathers of the RAND Corporation, helped make those contacts.<sup>22</sup>

Barnard and Wilson agreed without hesitation. In 1946, Barnard had been a member of the consulting board, together with J. Robert Oppenheimer, that produced the Acheson-Lilienthal Report, the document that advocated international control of atomic energy and information sharing with the Soviet Union. He was also a theorist of clear channels of communication as a basis for successful management. And Wilson believed that “nothing was more important than establishing relations outside of political circles with the Russians.”<sup>23</sup> It took some time, and Pickett flying to Detroit to talk with Ford, to persuade him to join. Ford hesitated: he was troubled by the memories of “the Peace Ship,” a volunteer diplomatic initiative funded by his grandfather in 1915–17, widely ridiculed in the U.S. media. Ford worried it would hurt his corporation and the Ford Foundation if his contact with Soviet officials became public. Pickett then called Rusk by phone and Rusk explained to Ford that the State Department would bless a conference, although found it unwise to give an official authorization. Ford was intrigued and promised to make a decision in a day or two. Pickett returned to Philadelphia in an optimistic mood.<sup>24</sup>

In order to discourage conspiracy thinking about “a secret plot” of the Rockefeller and Ford foundations, the group decided to also invite Frank Abrams, President of Standard Oil of New Jersey (and long-time chairman of Ford Foundation’s Fund for the Advancement of Education).<sup>25</sup> Indeed, conspiracy theorists and supporters of Joseph McCarthy could have pointed to “the big four” as the very incarnation of big business. Certainly nobody in the Soviet Embassy, Foreign Ministry, or the Kremlin could have imagined that the sheer energy and networking power of the American Quakers convinced such well-connected, powerful corporate leaders to set aside their caution and agree to a secret meeting with an official representative of “the enemy.” And yet, Pickett’s journal records how he and his partners and associates from the philanthropic world made this possible.

A variety of social and cultural factors, as well as global political developments, also helped account for the success of this mobilization. Quakers and

22. Pickett Journal, October 26, 27, and November 20, 1950, AAFSC. Gaither would later become the President of the Ford Foundation and the author of the controversial Gaither Report of 1957.

23. On Barnard see “Acheson-Lilienthal Report,” *Atomic Heritage Foundation*, last accessed February 17, 2023, <https://www.atomicheritage.org/key-documents/acheson-lilienthal-report>; Dave McMahon and Jon C. Carr, “The contributions of Chester Barnard to strategic management theory,” *Journal of Management History* 5, no. 5 (1999): 228–240. Wilson’s religious-pacifist zeal was as deeply rooted as his bent for public service. A devout Baptist, he chaired the President’s Commission on Civil Rights in 1946–1947 and in 1956 became a head of the People to People Foundation, created to promote international friendship and understanding.

24. Pickett Journal, October 28, November 20, 1950, AAFSC. See Bernet Hershey, *The Odyssey of Henry Ford and the Great Peace Ship* (New York, 1967).

25. Pickett Journal, November 20, 1950, AAFSC.

business leaders alike worried in October 1950 about the possibility of a new global war. They had this concern even as the UN troops were still advancing to the Yalu River, before a surprise counterattack from “the Chinese volunteers” threw the UN troops back to the 38th parallel, with a devastating defeat for the elite U.S. troops. “The captains” of U.S. business felt a special responsibility to step in, to come to the assistance of the U.S. government. The evidence and subsequent developments indicate that Ford, Wilson, and other members of the group acted out of a triple sense of a corporate, “patriotic,” and religious-philanthropic mission. They worried the Truman administration had brought the United States to the brink of a war with both the Soviet Union and China. They also came to believe that the State Department no longer was capable even of reaching out to Moscow, let alone reaching a settlement. Business-style pragmatism contributed to their conviction that they would succeed where politicians and diplomats failed. Memories of productive wartime contacts of prominent U.S. businessmen with Stalin may have reinforced this belief.

On Sunday November 19, at noon, the corporate leaders and Pickett drove in Ford’s car to Lancaster’s house to meet with Malik. To ensure confidentiality, Lancaster let his servants go home and prepared a luncheon entirely on his own. He briefed the guests on his experience of dealing with Soviet officials. Malik arrived one hour later and brought with him young Soviet diplomat Oleg Troyanovsky, son of the first Soviet Ambassador to the United States. As a boy, Troyanovsky had attended a Quaker school in Washington D.C.<sup>26</sup> Pickett correctly guessed it was a precaution: Malik wanted to have a Soviet witness with perfect English, to protect himself in case of future problems if the meeting went wrong.

The Americans presented a proposal for an exchange of non-government delegations between the United States and the Soviet Union. U.S. representatives from business, labor, women’s groups, and farmers would stay in the Soviet Union “for two or three months,” live in people’s homes, visit factories and farms, and learn about Soviet life and problems. A similar Soviet delegation would do the same in the United States.<sup>27</sup> Then, the U.S. and Russian groups would meet for a conference to compare notes. This was an extraordinary, and very American initiative of people-to-people diplomacy.

Malik asked if the U.S. government would permit such a trip. All the Americans said it would. Malik raised another concern: the Soviets would find it difficult to provide the kind of living conditions Americans were used to. The businessmen brushed this off: with exception of Ford and Lancaster, they had grown up in quite simple surroundings. Abrams even claimed he was used to an outdoor toilet. The atmosphere at the luncheon was friendly, almost cordial. The U.S. big business leaders expressed regret that the U.S. public, unlike

26. Troyanovsky’s memoirs do not mention this episode. See Oleg A. Troyanovsky, *Cherez godi i rasstoiania. Istoriia odnoi semyi* (Moscow, 1997).

27. Pickett Journal, November 20, 1950, AAFSC.

them, did not trust Soviet peaceful intentions. They assured Malik that big business did not need war and war profits; in fact, another war would threaten the whole capitalist system. The Soviet official responded with an assurance that the Soviet Union did not want to export communism.<sup>28</sup>

Malik was experienced enough in Soviet ways to know that the U.S. initiative would be a non-starter in Moscow. The All-Union Organization for Cultural Ties Abroad (VOKS), an institution created by Stalin for such purposes, had long ceased to organize such ambitious projects, largely due to xenophobic campaigns in the Soviet Union after 1946.<sup>29</sup> Indeed, the idea of a visit from about twenty-five Americans to learn about Soviet life was bound to run into a wall of suspicion in Moscow. Besides, new developments in Korea soon turned the tide of the war, and the Soviet leadership was no longer so eager to sound out a path to peaceful settlement. The instructions from the Soviet Union to Malik for his contacts with the Americans were frosty—with Stalin’s handwriting all over them. To begin with, Malik was reprimanded for his alleged inability to use proper arguments proving the peaceloving nature of Soviet foreign policy. From the Vozhd’s viewpoint, a U.S. peace initiative was designed to create “an appearance that the U.S. government was seeking to affirm peace,” with an aim to complicate the Sino-Soviet military alliance and cloud the crystal-clear ideological bipolarity that helped to mobilize Soviet and Chinese peoples, along with other “progressive forces,” in the struggle against U.S. imperialism. “You understand, of course,” read the text of the instructions, “that it is not in Soviet interests to mislead world’s public opinion.” “We did not think,” the instructions went on in Stalin’s typically redundant style, “and do not think of inviting American industrialists to visit the USSR. You can tell them that if they like to come to the USSR, they can apply for Soviet visas, and the Soviet Government would look favorably at their application.” Stalin also called “purposeless” the idea of a reciprocal trip of Soviet economic managers to the United States.<sup>30</sup>

The Kremlin master demonstrated again his ruthless “logic” in world affairs. His experience convinced him that only state leaders could make deals. It had been useful to have an independently wealthy capitalist, Averell Harriman, as an emissary of U.S. President Franklin D. Roosevelt in the 1940s. Yet this exception only proved the rule: businessmen were good as conduits of negotiations, but the real power lay with the occupant of the White House. Stalin knew that Harriman had encouraged Truman to be tough with the Soviets in 1945–46. Lancaster and his friends apparently failed to convince Truman and Acheson to

28. Pickett Journal, November 20, 1950, AAFSC.

29. On the post-war revival and quick demise of this organization see Vladislav Zubok, “The Demise of ‘Socialist Realism for Export’ in 1947: VOKS Receives John Steinbeck and Robert Capa,” in *Socialist Realism in Central and Eastern European Literatures*, eds. Evgeny Dobrenko and Natalia Johnsson-Skradol (New York, 2018), 71–88.

30. Telegram from Moscow with Politburo decision on instructions to Malik, November 24, 1950, Fond 3, Opis 66, Delo 300, L. 83, APRF.

open a negotiating channel, and the Soviet leader concluded that nothing could be done about it.<sup>31</sup>

Lancaster, however, did not give up, not even when he received a cold shoulder reception for his project from powerful Republican senators Robert Taft of Ohio and Eugene Millikin of Colorado, whom he and Pickett privately consulted in early December. Both senators dismissed the idea as a “children [sic] crusade” and advised Lancaster and Pickett to leave foreign policy to the government.<sup>32</sup> Lancaster asked Malik and Tsarapkin for another meeting, which took place on December 20. As if reading Stalin’s mind, he proposed now to mediate in arranging a meeting between Stalin and Truman for talks on the Korean situation, possibly in Potsdam or Berlin. Lancaster also mentioned a possibility of a preparatory meeting in Vevey, Switzerland involving himself, Averell Harriman, Gromyko, and Malik. He also reported that eighteen heads of leading U.S. corporations, including Lancaster’s boss, the President of National City Bank of New York, had held “a secret conference” in Chicago. Acting unanimously, this group allegedly sent a memorandum to Truman urging him to take steps towards a peace settlement with the Soviet Union.<sup>33</sup> Lancaster also informed the Soviet Ambassador that Wilson, despite his new government post (on the War Mobilization Committee), remained “a fanatical advocate of peace” and wanted to stop the “immoral” war. The lawyer was utterly earnest and even referred to his proposal of a summit as “historic.” Malik, who was clearly impressed by his interlocutor’s passion, wrote to Moscow: “Lancaster acknowledged that Truman and Acheson have brought the U.S. foreign policy into a deadlock so that businessmen who usually pay little attention to politics being preoccupied by their business now decided to get involved into political life and to try to straighten things out. Lancaster implied that when a manager fails in his job, the owner himself must take over business.”<sup>34</sup>

Stalin, for all his suspiciousness, was intrigued. He did not believe that Lancaster was acting on his own initiative. In his report on the first meeting in October, Gromyko concluded that Lancaster had the backing of administration officials.<sup>35</sup> Perhaps Truman and Acheson, not naïve businessmen, stood behind the New York corporate lawyer. Contrary to the common perception among historians it looks like Stalin had not ruled out a summit with Truman,

31. On Stalin’s ambiguous attitudes to Harriman and later to Henry Wallace, see Vladimir Pechatnov, *Stalin, Ruzvelt, Truman: SSSR i SShA v 1940-kb gg* (Moscow, 2006), 409–410, 543–544, 551–556.

32. Pickett Journal, December 3, 1950, AAFSC.

33. Telegram from Malik to Moscow, December 21, 1950, Fond 3, Opis 66, Delo 300, L. 126–131, APRF. Unfortunately, we found no trace of this Chicago conference or their memorandum to Truman in the Truman Library.

34. Telegram from Malik to Moscow, December 21, 1950, Fond 3, Opis 66, Delo 300, L. 126–131, APRF.

35. Spravka [information] to the telegram of Com. Vyshinsky, September 27, 1950, Fond 3, Opis 66, Delo 299, L. 88–89, APRF.

provided Washington meant business. The Chinese offensive in Korea continued successfully. Stalin had an opportunity to use his position of strength, not to rebuff the retreating enemy, but instead to see if a bargain was possible. Stalin’s next instruction to Gromyko struck a different, more positive chord: Malik should tell Lancaster that “the Soviet government would have nothing in principle against” a Stalin-Truman summit; “yet before reporting to the Soviet government,” he, Malik, should “clarify some questions.” In particular, Stalin wanted to know who supported Lancaster’s “historic” proposal. Was Truman aware of it? And was Harriman aware? What kind of issues could the meeting address? Above all, the Kremlin master wanted to avoid a situation where the Americans would let Moscow announce the possibility of a meeting only to disclaim this as a private idea of Lancaster. The dictator ended his instructions by ordering Malik “to find out something on the intentions and plans of those people who have sent Lancaster to you.”<sup>36</sup>

Malik could not, however, obtain the evidence that Stalin wanted. Most likely Lancaster’s remarkable message was a by-product of the U.S. corporate leader’s emotional reaction to the most dangerous moment of the Korean War. The seventy-six-year-old lawyer must have felt he had nothing to lose and went out on a limb. After all he repeatedly told the Soviet officials that he acted “on his personal responsibility.”<sup>37</sup> In the end, Stalin completely discounted Lancaster’s remarkable lobbying effort. He did not trust the industrialists and financial leaders to make the Truman administration change its hard-line tack.

Pickett and his Quaker associates increasingly felt the same way as Lancaster and his corporate business partners. UN diplomats, particularly from India, and State Department personnel shared news with them that suggested another world war was imminent. Their main ally in the Truman administration was Charles E. Wilson, who in his new job had extraordinary authority and a giant budget to oversee U.S. rearmament. Lancaster did not mislead Malik on Wilson’s pro-peace beliefs. Pickett himself was astonished to find that Wilson became more, and not less supportive of the industrialists’ trip “to the East.” The original idea of a large delegation to the Soviet Union transformed into something different: a trip of a smaller group of industrialists with a purpose “to see Stalin and to impress upon him that American business does not want war and it is anxious to do anything to avert it.” Wilson promised to use his influence to get consent for such a trip from Truman and Acheson. Talking with Pickett after Christmas, Wilson emphasized “the importance of prayer in connection with such [a] mission as this.” On December 28, Pickett, Ford, and Wilson met with Dean Rusk. They obtained his support and a promise to talk

36. Telegram from Moscow to Malik, December 23, 1950, Fond 3, Opis 66, Delo 300, L. 132–133, APRF.

37. Telegram from Moscow to Malik, December 23, 1950, Fond 3, Opis 66, Delo 300, L. 132–133, APRF.

with Acheson about the trip. They all concurred that something had to be done to avoid all-out war preparations.<sup>38</sup>

The mood in the State Department and the Truman administration, however, continued to move in the opposite direction. At a meeting of the Department principals with Acheson on December 4, George F. Kennan described the current moment as “the poorest time possible for any negotiations with the Russians.”<sup>39</sup> They were following the guidelines of NSC-68, prepared before the war in Korea to guide U.S. Cold War strategy, but which to them seemed validated by the course of that war. In January 1951, Truman’s State of the Union address recommitted to the NSC-68 strategy. Pickett and his Quaker friends were depressed. “The whole point of this address,” Pickett wrote in his journal, “[is] that we must arm to the teeth and be so superior in strength that no one would be able or willing to attack us.” He noticed that the Truman speech “disturbed people even further.” He overheard “very gloomy” conversations, and reported that the general feeling was disbelief that the United States had come to this. Pickett felt, however, that the public mood was “very fluid” and would “quickly congeal around the government policy.” As he followed the debates in the United Nations, he was upset by the efforts of U.S. diplomats to brand China as the aggressor and claim moral superiority regarding the war. This stand, he believed, was bound to alienate many Asian countries from the United States and the UN. Pickett called Charles Wilson: they agreed that the matter of the trip of industrialists to see Stalin “must be pressed very much on the administration.” Wilson promised to raise this matter at the next Cabinet meeting. Pickett conveyed this message to Lancaster.<sup>40</sup>

Wilson briefed Acheson on the contacts with Malik. He found the Secretary of State “not enthusiastic” about the trip to Moscow. There would be no official ban, but the group would have to go “on their own steam.” Pickett and Lancaster then decided to arrange a meeting with Truman himself to get his personal support. Barnard and Abrams supported this idea; they remained highly motivated to continue with the idea of “the Eastern trip.” Ford remained committed as well, but declined to call Truman. He said that his lead on such an initiative could be tied back to the pacifist, anti-armaments initiative of his grandfather during World War I. It fell to Wilson to speak to Truman, who seemed impressed with the big names involved in the initiative and expressed “almost a mild enthusiasm.” This positive response led to planning for a meeting of the Quakers, Lancaster, and the business leaders with the President later in March.<sup>41</sup>

38. Pickett Journal, December 27 and 28, 1950, AAFSC.

39. Memorandum by Mr. Lucius D. Battle, Special Assistant to the Secretary of State, December 4, 1950, in *FRUS*, 1950, vol. VII, Korea, ed. John P. Glennon (Washington, D.C., 1976): doc. 959.

40. Pickett Journal, January 8 and 13, 1951, AAFSC.

41. Pickett Journal, January 19, February 7 and 11, and March 8, 1951, AAFSC.

Lancaster meanwhile asked for another meeting “with the Russian friends” and confronted Soviet skepticism. The New York lawyer did not know, of course, that Tsarapkin and Malik received contradictory messages from Stalin. In his conversation with Lancaster, Tsarapkin pointed to Charles Wilson’s war mobilization activities and his anti-Soviet rhetoric. Lancaster explained that Wilson had “two personalities”: he acted to prepare for peace through military preparation, but his Quaker beliefs impelled him to attempt to prevent a war by negotiation. One wonders if the Soviet diplomat found a suitable language to translate this subtle message for Stalin.<sup>42</sup>

Truman, however, refused to authorize a trip. The president, Wilson complained to Pickett, was protective of his authority and feared that the peace initiative would give prestige to Wilson beyond that of his own. Wilson also believed Acheson had the power to authorize or veto the initiative. The keys to “the Eastern trip” were in the hands of the Secretary of State. On March 13, 1951, Pickett, Abrams, and Barnard talked with George Kennan, now a private citizen but in contact with his former colleagues in the State Department. Pickett did not record details of the meeting in his journal, noting merely it was “very helpful.”<sup>43</sup> In fact, Kennan firmly discouraged the group from going ahead with their idea. Kennan explained that a trip to Moscow in the midst of the war would be a sensational event, and the press would likely misrepresent its meaning. If reaction were negative, it could make matters even worse. If the reaction was favorable, “the press would probably go all the way overboard, and portray the mission as an indication that the cold war was at an end, that we could now relax, that re-armament was exaggerated, etc.” Kennan advised waiting for a thaw in U.S.-Soviet relations, when a private trip would not be so conspicuous. “For as long as Americans were being shot at by communist forces,” Kennan warned, “the chances of misrepresentation and resentment of such a visit, in this country, would be considerable.” He also reminded the group that, under the Logan Act of 1799, unauthorized U.S. citizens could not conduct diplomatic affairs and discuss any political matters with a foreign government. Somebody in the company asked: does it mean that if Stalin invites the businessmen to see him, they should not go? They should go, Kennan explained, but should do so only in the presence of the U.S. ambassador, and be careful not to give the impression that they were authorized to speak in any way for the U.S. government.<sup>44</sup>

Kennan’s experience in the Soviet Union made him skeptical of public diplomacy with the Soviets. Many times he saw well-meaning Americans,

42. Pickett Journal, February 9, 1951. On Wilson’s ambiguity and pangs of conscience see Pickett’s entry of March 8, 1951, AAFSC. We have not discovered the Soviet record of this conversation.

43. Pickett Journal, March 8 and 13, 1951, AAFSC.

44. Memorandum by George F. Kennan to the Secretary of State, March 13, 1951, *FRUS*, 1951, vol. IV, pt. 2, Europe: Political and Economic Developments, eds. William Z. Slany et. al (Washington, D.C., 1985): doc. 303.

businessmen or congressmen, come to Moscow and act on the illusion that they would be able to find the arguments to breach the wall of “misunderstanding” between the Americans and “the Russian people.” He respected businessmen for their open minds, yet treated their amateurish incursions as naïve, and hobbled by their inability to imagine the xenophobia and cruel hierarchy of the Soviet regime.<sup>45</sup> Kennan, the father of containment, did feel almost desperate, though, sharing with Pickett and Lancaster the impression that U.S. foreign policy was at an impasse. In his diaries, Kennan wrote that McCarthyism had won in the United States and made an intelligent foreign policy impossible. He also felt that the United States and Soviet Union were close to the edge of the precipice. Some kind of urgent action was necessary to reach out to the other side.<sup>46</sup>

The denial of official support discouraged Ford and Abrams, who began to distance themselves from “the Eastern trip” initiative.<sup>47</sup> Lancaster and Pickett, however, refused to give up; Wilson and Barnard remained on board as well. Kennan’s advice to wait for the thaw was the opposite of what these men believed was their mission. In early April, Lancaster informed Pickett and Wilson about his new contact with Malik: the Soviet government, according to the Soviet envoy, was still interested in pursuing the idea of a businessmen’s trip. All four considered that such a trip and its announcement could promote the prospect of an armistice in Korea. At the same time, it was clear that without the government’s authorization, prominent industrialists would not go. Ford was the only person in the group whose request Truman could not turn down, yet he was unwilling to step forward. By default, the mission to lead fell to Pickett. He wrote in his journal that he felt like a truce in Korea might become a reality and “I find myself again involved in ‘carrying the ball.’”<sup>48</sup> A few days later, Truman relieved General Douglas MacArthur of his duties, a move widely perceived as a step towards a ceasefire and armistice.<sup>49</sup>

Acheson met with Pickett and Lancaster on April 20, 1952. Wilson was also present and probably was instrumental in arranging the meeting. After briefing the Secretary of State on the origins of the initiative, Lancaster emphasized the motivation of the industrialists (with the exception of Ford) and said that this initiative was meant “to breach the Iron Curtain.” Wilson emphasized Malik’s enthusiasm about the idea of such a trip (he could not know that Stalin had first

45. See e.g., George F. Kennan, *Memoirs, 1925–50* (New York, 1983), 276–77; Gaddis, *George F. Kennan*, 236, 257.

46. Pickett Journal, March 13, 1951, AAFSC; “April 17, 1951” and “June 7, 1951,” in *The Kennan Diaries*, ed. Frank Costigliola (New York, 2014); see also Costigliola, *Kennan, A Life Between Worlds* (Princeton, NJ, 2023), 311.

47. Pickett Journal, March 8, 1951, AAFSC.

48. Pickett Journal, April 7, 1951, AAFSC.

49. Acheson even had to refute this expectation, see the Secretary of State to the US Embassy in the United Kingdom, April 17, 1951, *FRUS*, 1951, vol. VII, pt. 1, Korea and China, eds. John P. Glennon, Harriet D. Schwar, and Paul Claussen (Washington, D.C., 1983): doc. 241.



killed this enthusiasm and then reignited it by his telegrams). Mindful of the atmosphere of mistrust, Wilson added that “he of course did not know whether Malik’s enthusiasm was for good or evil.”<sup>50</sup>

Acheson turned the initiative down, echoing Kennan’s arguments from the private March meeting. As long as U.S. forces in Korea fought the Communist aggression, he explained, a trip of prominent Americans to Moscow could only give way to sensational headlines open to misunderstandings “or possibly compromise the position of this Government at such a serious and tense moment in history.” The Secretary of State repeated Kennan’s arguments almost verbatim. Acheson’s admonition, for all its milder wording, also resembled the political logic that Stalin used in his instructions to Malik in November 1950. Probably to soften the blow, Acheson remarked that he would be “of course prepared to discuss the matter again” when the world situation had changed. Pickett asked if perhaps a group of Quakers could arrange an unpublicized visit to the Soviet Union. Acheson replied that his disapproval applied to all unofficial trips at this time. The public diplomacy initiative proposed by Lancaster and Pickett had to be shelved.

Acheson’s ban did not mean he wanted to kill the backchannel to the Soviet side. He just preferred to proceed with the assistance of professionals. He and other State Department officials remembered how a few words in Stalin’s interview opened a road to the settlement of the Berlin crisis. Similar tactics could help resolve the Korea conflict. U.S. Ambassador to France Charles Bohlen proposed he or possibly Philip Jessup, Ambassador-at-large who had helped broker the Berlin deal in 1949, hold an unpublicized meeting with Andrei Gromyko.<sup>51</sup> Acheson also turned to Kennan. He requested the retired strategist, in effect, take over the contacts with Malik from Lancaster. Tormented by his removal from policy-making and eager to do something to prevent the impending disaster, Kennan immediately agreed.<sup>52</sup>

Kennan and Malik first met in the Soviet residence in Glen Cove, Long Island, on May 31. They met again June 5, then holding more substantive and interesting discussions. The Soviet UN Ambassador, on Stalin’s instructions, told Kennan that the Soviet Union could not be a part of negotiations on a cease fire, since it was formally not a participant in the hostilities. Kennan interpreted this, quite correctly, to mean that the Soviet leadership was not in full control of Chinese attitudes and actions in the war. Certain that their conversation was recorded for the Kremlin’s higher-ups, Kennan could not pass up an opportunity for a bit of ‘education’. Malik, he said, was making a great mistake

50. Memorandum of Conversation, April 20, 1951, *FRUS*, 1951, vol. IV, pt. 2, doc. 307.

51. The Chargé in France (Bohlen) to the Secretary of State, April 4, 1951, *FRUS*, vol. VII, pt. 1, doc. 202; Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Deputy Under Secretary of State (Matthews), April 25, 1951, *FRUS*, vol. VII, pt. 1, doc. 259.

52. “June 5, 1951,” in *The Kennan Diaries*, ed. Costigliola; Costigliola, *Kennan: A Life*, 326; Gaddis, *George F. Kennan*, 426–428.

in viewing the statements and activities of the U.S. government “as the end-product of some kind of Wall Street conspiracy.” Kennan could have added, with Pickett’s project in mind, that if it existed, it was a conspiracy for peace. Whatever relevance to reality such views might have, he added, those “were at least twenty or thirty years out of date.” Before leaving the Soviet premises, Kennan remarked: “You see our country as in a dream.” The Soviet Ambassador retorted: “No, this is not a dream. It is the deepest reality.” Kennan reported this conversation to the State Department, noting that the contorted views of American life held by Soviet officials stemmed from the inferiority complex and envy of U.S. material achievements and were “more pathetic than sinister.”<sup>53</sup>

Nothing of substance came from this backchannel between Moscow and Washington. The unstable nature of the military deadlock in Korea contributed to the stalemate. The Chinese offensive in early 1951 was repelled by the U.S. forces with horrific casualties for the Chinese “volunteers.” Mao Zedong and the Chinese leadership, however, refused to accept that the war had become one of attrition, and followed up with new offensives, equally costly and futile. In Europe the unresolved nature of the German Question and the fragile underpinnings of the North Atlantic Treaty Organization continued to breed mutual insecurity and intense re-armament on both sides of the cold war divide. In March 1952, after careful and secret preparations that involved the East German communist leaders, Stalin and his diplomats unveiled a new “peace offensive” in the form of two notes, where the Soviet side proposed a reunification of Germany on the basis of its neutrality and limited re-armament. Without delay, the United States, Great Britain, and France turned the Soviet initiative down as mere propaganda designed to break western unity.<sup>54</sup>

In April 1952, the Soviet Union made another attempt to disrupt this unity. The Soviet authorities convened, at their expense, an International Economic Conference in Moscow. The goal was, as an internal document explained, “to break the trade bloc and the systems of discriminatory economic activities with regard to the USSR, the people’s democracies, and China, established during the recent years by the government of the United States and implemented with increasing pressure. . . . The conference should facilitate the growth of resistance of certain capitalist circles to the policies of the United States.”<sup>55</sup> The Soviet leadership was acting against the increasingly effective Coordinating

53. “June 5, 1951,” *The Kennan Diaries*, ed. Costigliola.

54. For the concise summary of this long-lasting discussion see Peter Ruggenthaler, “The 1952 Stalin Note on German Unification. The Ongoing Debate,” *Journal of Cold War Studies* 13, no. 4 (2011): 172–212.

55. The rationale for the conference, prepared by the Party Commission on Foreign Affairs is in: Fond 84, Opis 1, Delo 59, L. 61, Russian State Archive of Social and Political History (hereafter RGASPI), cited in: Mikhail Lipkin, “Avril 1952, la conférence économique de Moscou: changement de tactique ou innovation dans la politique extérieure stalinienne?,” *Relations Internationales* 147, no. 3 (2011): 19–21.

Committee for Export Controls (COCOM) established in Washington in 1949. The Moscow Economic Conference offered an ideal opportunity for the Soviet authorities to invite the U.S. industrialists, but they did not. Stalin remained suspicious and unwilling to reach out to the U.S. corporate world over the head of the U.S. government. There is no evidence in either U.S. or Soviet archives that Soviet officials even approached Lancaster with an invitation to the conference, though several U.S. businessmen attended it.<sup>56</sup>

An opportune moment for a revival of contacts came in late spring 1952, again initiated by Lancaster and Pickett. They were encouraged by the emergence of Dwight D. Eisenhower as a leading candidate of the Republican Party in the 1952 presidential election. Eisenhower opposed Robert Taft’s isolationism and Joseph McCarthy’s demagoguery. By that time, Wilson had resigned from the Truman administration in disagreement over rearmament and labor strikes and was back to running General Electric. At a meeting with Lancaster and Pickett in Lancaster’s office in New York, Wilson complained that Truman and Acheson “have now a fixed attitude” towards the USSR and “probably nothing can change” before the elections in November. The troika decided to return to the public diplomacy idea—both a trip of the Quakers and another of the industrialists to Moscow. To “legalize” their initiative, they decide to approach Charles Bohlen. If Bohlen refused “to say it is a good thing,” Lancaster said he would still contact Malik.<sup>57</sup>

In fact, Lancaster and Pickett had already refreshed the channel to the Soviet Ambassador earlier in May. Lancaster invited Malik and his wife for another lunch in his country house; the company included Pickett and his associate Elmore Jackson with their wives. Pickett wrote in his journal that the Soviet official was “jovial and pleasant,” but “underneath he was troubled” by the continuing deterioration of U.S.-Soviet relations. Malik must have been also under increasing pressure from his superiors in Moscow. He raised too many issues of substance for a social occasion, probably gathering material for a politically correct report to Moscow. He complained that the Western powers did not take Soviet proposals on Germany seriously. There was a private frustration as well. He complained about the limit of twenty-five miles that the State Department placed on movements of Soviet diplomats. The Soviet diplomat felt like he was living in a cage, similar to his U.S. counterparts in Moscow. It turned out, however, that the limit did not apply to Malik. It was just that nobody had taken the risk of inviting him. Pickett invited him on the spot to come to Philadelphia. The only risk of such an enterprise would be if Malik’s car had an accident on

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56. Moscow Economic Conference, Intelligence Report 5883, May 7, 1952, Office of Intelligence Research, U.S. Department of State, OSS/State Department Research and Intelligence Reports, The Soviet Union: 1950–1961, Supplement, Reel 1, Record Group 59: General Records of the Department of State, U.S. National Archives, College Park, MD.

57. Pickett Journal, June 10, 1952, AAFSC.

the road. Malik replied that he had a brand-new car and an experienced chauffeur who insisted on driving slowly.<sup>58</sup>

On July 20, Lancaster and Pickett arrived for a return visit to the Soviet UN country house in Glen Cove, for lunch with Malik, his wife, and his daughter. It was already known that Malik would soon be recalled to Moscow “for consultations.” Even Americans understood that this could not mean anything positive. Malik said that “it is not certain that he would return.” Pickett noticed that the Ambassador looked burnt out. “We both told him,” Pickett recorded in his journal, “that we did not believe the present administration would approve” the visit of U.S. industrialists to the USSR. The American visitors assured Malik that they “were already laying our lines to connect” with the Republican and Democratic candidates, Eisenhower and Adlai Stevenson, one of whom would replace Truman in the White House. Then the Americans raised a question about a new meeting between Malik and the industrialists, including Wilson. Malik agreed to meet them before his departure. The conversation touched again on mutually antagonistic stereotypes. Malik, probably speaking to hidden microphones in his residence, reiterated that U.S. military preparations were largely driven by the desire of big business to make money. “This always comes up,” recorded Pickett in his journal, “and we always rebut it.”<sup>59</sup>

In his telegram to Moscow on this occasion, Malik did his best to look like an effective purveyor of Stalin’s instructions. He registered his “lack of any engagement” with the U.S. proposal, although mentioning “a missed opportunity of a trip during the International Economic Conference in Moscow.” His telegram also registered interesting details of what the Americans said. According to Malik, Lancaster proposed to have a trip in early August, and Pickett spoke about September-October 1952, when “the situation would become more clear.” Pickett spoke “volubly” that Truman and Acheson were “scared and terrorized by the attacks” from the Republican right, including McCarthy, and Senators William Knowland (R-CA) and Taft. He also mentioned that John Foster Dulles, who would certainly become the next Secretary of State, “might change the situation.” In any case, Eisenhower would be a more independent figure than Truman, “who cannot even take a step in foreign policy without Acheson.”<sup>60</sup>

Malik devoted a part of his telegram to the discussion with the American visitors on the motives of U.S. big business. He cited Lancaster and Pickett saying that “the U.S. business world is afraid of war and does not want it.” In particular, Lancaster referred to his talks with his boss, the President of National City Bank of New York, that an arms race would undermine the U.S. economy and

58. Pickett Journal, May 25, 1952, AAFSC.

59. Pickett Journal, July 16, 1952, AAFSC.

60. Telegram to Moscow from Malik, July 17, 1952, Fond 3, Opis 66, Delo 301, L. 166–167, APRE.

therefore one should search for “a settlement with Russia.”<sup>61</sup> Ford and a number of U.S. industrialists shared this view. The taxes raised to fund war preparations throttled business activities. Lancaster mentioned that Eisenhower promised to lower taxes by \$30–40 billion, and helped the Soviet Ambassador understand that Eisenhower received support from big business on the east coast of the United States, whose economic interests were linked to European markets, while isolationists like Taft got support from those in the midwest. Pickett, according to Malik’s telegram, “explained that . . . the Wall Street could do more regarding peaceful moods than the State Department, because it is not afraid of critics like crazy McCarthy.” Lancaster picked up this topic and described McCarthyism “as a grave disease that is hard to heal . . . not to appear to be red.” Wall Street businessmen, driven by serious economic considerations, “understand and believe that another world war would deliver a final and irreparable blow to capitalism in the U.S. Both are convinced that in case of war big monopolies and leading industrial sectors would become nationalised.”<sup>62</sup>

Some of the phraseology of this telegram had a remarkable coherence with Stalin’s “thoughts” on political economy that would be publicized with great fanfare in the Soviet Union later in 1952. It is not clear whether the Americans actually said those things (and only access to Soviet wiretapping records could have clarified this) or if Malik spun their words in order to cater to Stalin’s thinking. That a next world war would destroy capitalism was one of Stalin’s favorite ideas. In editing Lavrentii Beria’s draft of his November 7, 1951 anniversary speech he crossed out the only peaceful paragraph—a proposal for a summit of great power leaders to “discuss in a businesslike manner international problems and come to certain agreements” and replaced it with his own passage: “If anyone should be afraid of the consequences of a new world war, it is capitalists of America and other bourgeois countries, because the new war would raise before their peoples a question of the blood thirsty capitalist system that can’t live without wars and should be replaced with a different—socialist system.”<sup>63</sup>

Malik interpreted the visit as the Americans’ attempt to fish for a backchannel between the incoming administration and the Kremlin. The Ambassador did not doubt that both Americans rooted for Eisenhower and “propose that I meet with a group of Eisenhower’s outright supporters headed by Wilson.” Anticipating the reaction from the *Instantsia*, Malik wrote that it was not surprising that Eisenhower’s supporters wanted to demonstrate “an appearance of a possibility of some kind of negotiations” with the Soviet Union, if Eisenhower were to come to power. “This move resembles to a certain extent the action by Truman during the presidential elections of 1948 with a fraudulent ‘mission of

61. He probably referred to chairman of the bank William Gage Brady, Jr.

62. Telegram to Moscow from Malik, July 17, 1952, Fond 3, Opis 66, Delo 301, L. 166–167, APRF.

63. Stalin’s notes on Beria’s draft, Fond 558, Opis 11, Delo 703, L. 91–96, RGASPI.

Winston to Moscow' or the electoral promise of Churchill about a meeting of four powers." The Ambassador recommended that he could meet with the group of U.S. industrialists in early August, before his departure to Moscow. If that meeting took place, Malik went on, he might suggest to the group that they apply for visas, with no further commitments.<sup>64</sup>

It seems likely Malik thought he had been savvy in writing in ways consistent with Stalin's thinking. He seemed to assume that Stalin would use this chance to play on differences between the two camps in U.S. politics, as he had done in 1948. Malik, however, was wrong again. On July 24, Malik received a telegram from Minister of Foreign Affairs Vyshinsky who "transmitted the instructions" from Stalin. It read: "I believe that my meeting with representatives of business circles and a conversation with them about the ways to improve relations between our countries will appear at the moment of bitter electoral struggle in the U.S. as an interference of a Soviet representative into domestic affairs and internal party infighting." Stalin continued, "With this in mind, and being an opponent of any kind of interference into internal affairs of other states, I consider it opportune to postpone such a meeting until the end of the year, when nobody would have reasons to accuse me of such interference."<sup>65</sup>

In October, Lancaster made another attempt to meet with Soviet representatives but this time Moscow prohibited any contact: "Lancaster should not be received," Vyshinsky was instructed. "You should tactfully arrange for his meeting with Gromyko not to take place."<sup>66</sup> The telegrams contained no reasons or comments from Stalin, and we shall never learn what he had in mind for the backchannel talks at the end of 1952. The caution of the Soviet leader appeared to make a lot of sense, particularly in the light of the outcome of the 1948 U.S. election, when Stalin had publicly voiced his support of Henry Wallace, and the Progressive Party, and this intervention backfired.<sup>67</sup>

At the time, caution and a growing paranoia co-existed in Stalin's mind, along with his hectic war preparations, and above all his active involvement in the "Kremlin doctors' affair" and his belief in a Jewish conspiracy against his regime. In early October 1952, Stalin returned from his vacation on the Black Sea earlier than usual, in time to take part in the Party Congress and the Party Plenum that, according to his secret plot, was to approve changes in the Soviet leadership. During the Congress, visibly aged and almost senile, Stalin sat silently, while his lieutenant, Georgy Malenkov, delivered the leadership's political report. This report read that the United States was preparing for a new war and that U.S. "imperialists" were constructing "fascist regimes" in the United States and other countries. At the Plenum, Stalin acted like his favorite Tsar

64. Telegram to Moscow from Malik, July 17, 1952, Fond 3, Opis 66, Delo 301, L. 166-167, APRF.

65. Telegram to Malik, July 24, 1952, Fond 3, Opis 66, Delo 301, L. 173, APRF.

66. Telegram to Vyshinsky, October 19, 1952, Fond 3, Opis 66, Delo 301, L. 180, APRF.

67. For more details on the Stalin-Wallace connection in 1948 see Pechatnov, *Stalin, Ruzvelt, Truman*, 539-557.

Ivan the Terrible: he proposed to the stunned and scared members of the communist conclave that they approve his resignation. When they predictably refused, he lashed out at his closest Politburo colleagues, Vyacheslav Molotov and Anastas Mikoyan, openly accusing them of being U.S. and British intelligence agents. Violating Party statute, without any approval of the Congress as the highest Party body, Stalin proposed to enlarge the Politburo by staffing it with little-known and younger Party secretaries. This was an unmistakable step towards new, bloody purges of Stalin’s closest circle and, by the logic of his regime, of the entire political, social, and cultural elite. In November–December 1952, Stalin sanctioned his secret services to prepare for a grandiose political campaign against pro-U.S. and pro-British “cosmopolites.”<sup>68</sup>

In this context, in the fall of 1952, Stalin froze all channels of U.S.–Soviet diplomacy. He apparently decided that “the correlation of forces” was not good for conducting any diplomacy with the U.S. adversary, through official or unofficial channels. His view of Kennan was so negative that he refused to see him in his capacity as the new U.S. ambassador in 1952. Instead, he arranged special operations to provoke Kennan, by sending false dissidents to the Ambassador’s Residence in Moscow, who asked for political asylum. When this trick failed, Stalin used the first available pretext to declare Kennan a *persona non grata*. The dictator personally orchestrated the propaganda campaign around this incident.<sup>69</sup>

In such an environment, with such a dark mood, a meeting with the U.S. industrialists made no sense. Soviet intentions are better revealed by the January 13, 1953 *Pravda* publication of an article on the arrest of “a terrorist group of doctors,” that plotted to kill Soviet leaders, and linked these “doctors-murders” to the New York-based Jewish organization “The Joint,” allegedly created by U.S. intelligence for conducting “espionage, terrorist, and [other] subversive activities.”<sup>70</sup> The person who edited this publication was Stalin, the same man whose common sense the U.S. industrialists counted on. Perhaps Stalin perceived parallels between The Joint, a large humanitarian organization founded in 1914, and the American Friends Service Committee, only three years younger? Whatever he thought, Stalin was now too busy preparing the Soviet state, political elite, and society for a war that he viewed as highly probable. His

68. On preparations of this campaign see: Gennady Kostyrchenko, *Out of the Red Shadows: Antisemitism in Stalin’s Russia* (Amherst, MA, 1995); see also Kostyrchenko, *Tainaia politika Stalina. Vlast i antisemitizm* (Moscow, 2003). For a more alarmist interpretation of the campaign, see Jonathan Brent and Vladimir Naumov, *Stalin’s Last Crime: The Plot Against the Jewish Doctors, 1948–1953* (New York, 2004); Joshua Rubenstein, *The Last Days of Stalin* (New Haven, CT, 2016).

69. Fond 82, Opis, 2, Delo 1103, RGASPI. This file contains an array of documents related to this affair, with Stalin’s notes.

70. “Ob areste vrachei-vreditelei,” *Pravda*, January 13, 1953. The full name of The Joint is the American Jewish Joint Distribution Committee.

death cut some of those preparations and probably saved the Soviet Union and the world from a terrible turn.

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Joseph Stalin was the main actor with whom the Truman administration had to deal during the moment when the United States became a global superpower and the leader of the “free world.” During the early Cold War, official U.S.-Soviet contacts fell to a bare minimum. The old tropes of dealing with “the Russians,” based on old optimistic assumptions of the previous decades, were replaced by more rigid and pessimistic assumptions, tinged by fear and intolerance. These ultimately prevailed, contributing to the lasting, damaging, and seemingly intractable U.S.-Soviet confrontation.

The energetic role played by some U.S. corporate and philanthropic leaders, as well as some politically engaged Quakers, should be understood in this transitional context. As the war in Korea prompted escalated hostilities, U.S. policy-makers such as Acheson and Rusk looked for unofficial lines of communication with the Kremlin. Responding to the initiatives from U.S. corporate and philanthropic leaders initially seemed logical. Yet our close analysis of these contacts has demonstrated they also brought peril during a time when the ‘matrix’ of U.S.-Soviet relations was changing rapidly and unpredictably.

The prominence and role of the U.S. corporate leaders and Quakers in this story is as interesting as it is ambiguous. Their personal motivations, religious ethics and sense of responsibility at first seemed to align with the practical motives of Truman, Acheson, and other leaders of U.S. foreign policy. Yet, as the Korean War entered increasingly dangerous phases, a rift in motivation opened between the two. While not crossing legal boundaries, the Quakers, and some business leaders, especially Lancaster, came close to overstepping them.

It is not so surprising that the Quakers pursued these unofficial efforts to promote peace, given their long commitment to pacifism and support of some of Soviet policies. The participation of corporate leaders, however, does seem surprising. This set of businessmen had experienced two world wars and the Great Depression, promoting in them a strong sense of social responsibility and ethical commitment, as well as constructive optimism—a confidence in their ability “to get things done.” Some believed their business background made them better equipped to negotiate with the Kremlin than the people in the State Department who belonged to the same “class” as they did.

For all their capitalist background, those people held Stalin in relatively high respect, due in part to the personal encounters and the impressions of Eric Johnston, Wendell Willkie, Averell Harriman, and other Americans who had met with the great dictator during World War II and concluded that one could do business with him. This respect may have been mutual: Stalin liked the direct business style of conversation and knew how to appeal to his business visitors. When Johnston, of the U.S. Chamber of Commerce, complimented Stalin for his frank, businesslike way of dealing with problems and called him



“a real businessman,” Stalin responded that “had he been born in and lived in America he probably would have indeed been a businessman.”<sup>71</sup>

In the early 1950s, too, business and philanthropic leaders still could play a significant informal role in U.S. foreign policy discussions, and contacts with adversaries. The construction of the U.S. national security state was still in its initial stage, much of its bureaucracy recruited from the networks of Ivy League schools, corporate business and law, and the world of foundations and associations like AFSC—the institutions with long-term experience and wide-spread contacts abroad. A few exceptions, such as Kennan and Bohlen only proved this rule. The Tocquevillian “America of associations” generated people like Lancaster, Pickett, and Wilson, who were ready to go against the current. Their responsibilities and experience of previous catastrophes prodded them to act on their sense of ethics and responsibility, even at the risk to their personal reputation. It was not exceptional for them to take a stand that did not fit into what was rapidly becoming the Cold War consensus. While their autonomy had legal limits, some of them pushed the envelope of their authorized mandate and acted proactively. For Lancaster, Pickett, Wilson, and Barnard, their sense of acute danger provided the main reason and excuse to engage the Soviet diplomats more than Acheson, Rusk, and Kennan viewed as prudent.

The attempt of a few elite U.S. individuals to intervene to influence the course of history ended in a failure. Washington officials embraced a black-and-white global confrontation, where preponderance of power mattered more than negotiations and compromise.<sup>72</sup> As McCarthyistic hysteria rose higher, U.S. civic associations and influential individuals suddenly were in danger of looking “pink.” A decade later, these groups participated in the so-called “foreign policy establishment.” They never gave up their attempts to build bridges to Moscow across the Cold War divide, and to mellow the rigidity of the official U.S. national security course. The last members of this circle, such as Harriman, played a significant role in the turn towards détente at the end of the 1960s and early 1970s. As they themselves faded away by the end of the 1980s, so too did their historical role. People who came after them had their thinking and culture primarily shaped by the Cold War experience, by the structures and rules of the U.S. national security state.

The Soviet side in this episode looks more predictable. Culturally and ideologically Soviet diplomats were incapable of appreciating altruistic motivations. They had no empathy for the “goodwill capitalists,” and looked for hidden ulterior motives and machinations in their U.S. counterparts. From the beginning

71. Memorandum of Conversation between Comrade Stalin and President of the U.S. Chamber of Commerce E. Johnston, June 26, 1944, Fond 558, Opis 11, Delo 374, L. 74, RGASPI. In the official version of this memcon published in Soviet times this sentence was deleted to protect the *vozhd*’s communist image. See: *Sovetsko-Amerikanskije Otnoshenia vo vremya Velikoi Otechestvennoi voiny* vol. II (Moscow, 1984), 145.

72. See Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford, CA, 1992).

in September 1950, Stalin and the Soviet diplomats assumed that Lancaster was speaking on behalf of the U.S. government. Gromyko, Malik, and Tsarapkin at first advised giving the talks a chance, exploring proposals from their U.S. counterparts. Stalin was more skeptical and suspicious, yet even he thought it was worth finding out what the U.S. government could communicate in an informal channel.

At the same time, the Kremlin leader had no interest in people-to-people diplomacy. He did not want to use the Quakers and the corporate leaders as a source to find out what was going on in and around Washington official circles. As long as he lived, Stalin seemed to be more concerned about what “the enemy” could learn from its Soviet contacts than the other way around. For him a possible backchannel was something that he could absolutely control and use in his tactical political needs. As soon as he realized that Lancaster lacked official authorization to start any serious talks at the highest level, he lost interest in him. And during 1951, he seemed to treat such talks and contacts, including the idea of an informal trip of U.S. businessmen to Moscow, as useless and dangerous.

This story sheds sobering light on the political dynamics in both the Kremlin and in Washington, during a regional war that could have become a world conflict. A historian of diplomacy, politics, and even culture can be tempted to contrast U.S. and Soviet motives. A closer reading, however, reveals surprising parallels. Both sides descended into negativity, pessimism, and a closed-minded approach towards the conflict and its settlement. While Stalin discouraged the efforts of his diplomats to explore chances for people-to-people diplomacy, the State Department did the same, specifically telling pacifists in U.S. corporate and philanthropic circles to postpone their proposals until conditions improved. As official diplomatic channels stalled, and people-to-people diplomacy died out, propaganda took the place of diplomacy on both sides. In this climate, mutual suspicion and paranoid worst-case scenarios quickly prevailed over common sense and moderation. Both the Truman administration and Stalin rejected even small hints at compromise or concession, fearing it would be perceived as a sign of weakness by the other side and could undermine the brittle nature of their respective mobilizations and alliances.

There were, of course, differences between the U.S. democratic government and the Kremlin regime. The motives of Acheson and Truman (who remains somewhat eclipsed in this story) are clear and logical, spelled out in reams of official memos and doctrines, imbued not only by interests of constructing a liberal order, but also the logic of *realpolitik* and U.S. domestic politics. The Truman administration was accountable to Congress as well as to the U.S. media and public. Stalin had no such constraints. His sound insights about U.S. intentions co-existed with constant accusations against Soviet diplomats for their “errors,” in part to leave them always in suspense, uncertain about “the correct line,” and even fear for their career and life. Still, Stalin’s reactions to the signals from Lancaster demonstrated shrewd realism. The Kremlin dictator,

almost until the end of his life, was interested in exploring a backchannel to negotiate with his adversaries. And he could break his own ideological tenets when he saw a chance for serious negotiations. When he saw that the U.S. government did not want to approach him to talk about the end of the war, his interest disappeared, giving way to pessimism, vigilance, and fatalism.