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**From laissez-faire to supranational planning:  
The economic debate within Federal Union (1938-1945)**

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## Questioning Federalism

Between 1990 and 1995 the issue of European integration sparked a heated debate across the United Kingdom. On the Eurosceptic side, a flow of publications denounced an allegedly ongoing capitulation of the British ruling class to foreign interests and alien ideas, epitomized by the signing of the Maastricht Treaty<sup>1</sup>. Most of these articles, books, and leaflets found their *bête noire* in federalism, the ideology associated with the EU project, which – Labour MP Giles Radice observed – suddenly became a “dirty word”: a shorthand for centralization, bureaucratization, and loss of national sovereignty, whose spread would threaten Britain’s independence, prestige, and standing<sup>2</sup>.

Committed Europeanists rejected the claim that federalism was a non-British (or even anti-British) set of tenets. In 1988, historian Michael Burgess had already

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<sup>1</sup> See e.g. William Cash, *Against a Federal Europe: The Battle for Britain* (London: Duckworth, 1991); Philip Vander Elst, *Resisting Leviathan: The Case against a European State* (London: Claridge Press, 1991); Jack Obdam, *The Rape of Britannia*, ed. Marie Endean (Edinburgh-Cambridge-Durham: The Pentland Press, 1992); John Boyd, *Britain and European Union: Democracy or Superstate? (After Maastricht)* (Merseyside: Campaign Against Euro-Federalism, 1993); Rodney Atkinson and Norris McWhirter, *Treason at Maastricht: The Destruction of the British Constitution*, with contributions by Daniel Hannah (Newcastle-upon-Tyne: Compuprint Publishing, 1994); Norman Lamont, *Sovereign Britain* (London: Duckworth, 1995). For an overview on British Euroscepticism in the early 1990s, see Anthony Forster, *Euroscepticism in Contemporary British Politics: Opposition to Europe in Conservative and Labour Parties since 1945* (London-New York: Routledge, 2002), 83-105; C. Gifford, *The Making of Eurosceptic Britain: Identity and Economy in a Post-Imperial State* (Aldershot-Burlington: Ashgate Publishing, 2008), 124-135.

<sup>2</sup> Giles Radice, *Offshore: Britain and the European Idea* (London-New York: I. B. Tauris, 1992), 139. See also P. W. Preston, *Europe, Democracy and the Dissolution of Britain: An Essay on the Issue of Europe in UK Public Discourse* (Aldershot-Brookfield: Dartmouth Publishing Company, 1994), 130-154.

lamented a wide ignorance about the prominent role of British intellectuals in nurturing the federalist tradition. Particularly striking was the unawareness of their contribution to European integration, “both by working out a set of detailed proposals for a European federation during the Second World War – proposals which had a major influence upon the continent at the outset of the process which led ultimately to the creation of the Community – and also subsequently.”<sup>3</sup> In his struggle against conventional wisdom, Burgess went on to publish a whole book to rescue British federalism from oblivion and disrepute<sup>4</sup>.

Burgess’ main argument was well grounded: the impact of British federalists has certainly been great, at least over other supporters of European unity who held them in high esteem. No less than Altiero Spinelli, one of the godfathers of the European Movement, acknowledged this in 1957, when he praised the British association Federal Union (FU) for having produced a literature “of first quality and even today superior to the average Continental literature on the subject, because of the coherence with which problems are presented, obstacles examined, and solutions proposed.” Spinelli also conceded that the Italian *Movimento Federalista Europeo* had “absorbed a great deal” from those writings – as later studies confirmed –<sup>5</sup>.

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<sup>3</sup> Michael Burgess, *Federalism: A Dirty Word? Federalist Ideas and Practice in the British Political Tradition* (London: Federal Trust for Education and Research, 1988), 1.

<sup>4</sup> See Michael Burgess, *The British Tradition of Federalism* (London: Leicester University Press, 1995).

<sup>5</sup> Altiero Spinelli, “The Growth of the European Movement since World War II,” in *European Integration*, ed. C. Grove Haines (Baltimore: Johns Hopkins University Press, 1957), 39-40. On the ascendancy of British federalism, see John Pinder, “Federalism in Britain and Italy: Radicals and the

Spinelli, however, overstated the consistency in those writings. As a matter of fact, what really stands out is the heterogeneity as much as the quality of the FU contributions to federalist theory. This, in turn, reflects the variety of opinions about ‘federalism’ that Federal unionists themselves held since the group was founded, in autumn 1938. Rather than laying out a single, clear-cut vision, FU served as a rallying point for people hostile to or disenchanted with national sovereignty, whose conceptions of federal order differed greatly – and were eventually key in pulling them in different directions.

A particularly significant area of disagreement was economics. Here, this paper argues, two conflicting approaches emerged. On the one hand, classical liberals saw in federalism a means to restore international free trade and resist protectionist temptations. On the other, socialists and left-wing liberals aimed at ensuring peace in order to allow each member-state to embark upon economic planning. The mutually exclusive character of these outlooks was so clear that between 1938 and 1940 FU was bound to remain economically neutral not to alienate any member. Once economic issues were discussed more closely such as in FU Research Institute meetings of 1940-41, a loose consensus was reached among specialists about the economic powers of the federation. Yet, by mid-1941, most left-leaning unionists had abandoned instrumental

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English Liberal Tradition,” in *European Unity in Context: The Interwar Period*, ed. P. M. R. Stirk (London-New York: Pinter 1989), 201-223; Lucio Levi, “Altiero Spinelli, Mario Albertini and the Italian Federalist School: Federalism as Ideology,” in *The Federal Idea: The History of Federalism since 1945. Vol. II*, ed. Andrea Bosco (London-New York: Lothian Foundation Press, 1991), 217-234.

conceptions of federation and launched a successful campaign to commit FU to supranational planning and fully-fledged economic collectivism. This article sets out to demonstrate that such a sharp departure from economic neutrality played a relevant role in estranging prominent FU sympathizers and followers. Secondly, it suggests that the new economic platform further reduced the already limited influence FU could expect to exert over British decision-makers. If, as some scholars have suggested, FU managed to remain the most effective engine of federalist politics in the United Kingdom, despite its limited achievements<sup>6</sup>, it is also true that the swing towards supranational planning made its platform inapplicable to the post-war context.

### **Federalism divided: the fate of Federal Union**

Born out of the mind of Charles Kimber, Derek Rawnsley and Patrick Ransome, three enthusiastic neophytes operating under the auspices of the later Ambassador to Washington Lord Lothian, the founder of Chatham House Lionel Curtis, and economist William Beveridge, then Master of University College, Oxford, FU was established in November 1938. Its purpose was gathering all supporters of ‘federation’ regardless of their political orientation. F.U. was meant to be inclusive: by refusing to embrace a

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<sup>6</sup> See e.g. Walter Lipgens, *A History of European Integration. The Formation of the European Unity Movement*, with contributions by Wilfried Loth and Alan Milward (Oxford: Clarendon Press, 1982), 142; Olivier J. Daddow, *Britain and Europe since 1945: Historiographic Perspectives on Integration* (Manchester-New York: Manchester University Press, 2004), 87.

single scheme of federation, it was open to everyone broadly in favour of any union of democratic states as nucleus of a future world government<sup>7</sup>. Benefiting from its non-partisan character, the exposure provided by the three mentors, and the alarming international situation following Germany's annexation of Austria, FU experienced a peak of popularity during the 'phoney war': its membership rose to 12,000, at least 225 regional branches were created, a Research Institute was set up, and an impressive list of distinguished academics, writers, politicians and civil servants subscribed to its manifesto<sup>8</sup>. This growing trend, however, did not last long. In December 1945 only 1,548 people were still on board, the organization was undergoing huge financial troubles and many of its proactive supporters had already left the movement or stood aside<sup>9</sup>.

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<sup>7</sup> The first Statement of Aims dated June 1939 can be found in Lord Lothian, *The Ending of Armageddon* (London: Federal Union, 1939), 16-17.

<sup>8</sup> On the origins of F.U., see Derek Rawnsley, "How Federal Union Began," *Federal Union News* 23 (February-March 1940): 4; Anonymous, *Federal Union: Aims and Policy* (London: Federal Union, 1940), 7-9; Frances Josephy, *Background Information 1938-1947*, 6 February 1948, Frances Josephy Papers, LSE, 1/4, as well as later accounts by Charles Kimber, "La nascita di Federal Union," *The Federalist / Le Federaliste / Il Federalista* 26, no. 3 (1984), 206-213; Charles Kimber, "Federal Union," in *Britain and the Threat to Stability in Europe, 1918-1945*, ed. Peter Catterall and Catherine J. Morris (London: Leicester University Press, 1993), 105-111; John Pinder, "Federal Union 1939-41," in *Documents on the History of European Integration. Vol. II: Plans for European Union in Great Britain and in Exile, 1939-1945*, ed. Walter Lippens (Berlin-New York: De Gruyter, 1986), 26-34; Andrea Bosco, "Curtis, Kimber and the Federal Union Movement (1938-40)," *Journal of Contemporary History* 23, no. 3 (1988): 465-502; Richard Mayne, John Pinder, and John C. de V. Roberts, *Federal Union: The Pioneers* (Basingstoke: Macmillan, 1990), 1-16; Andrea Bosco, *Federal Union e l'unione franco-britannica: il dibattito federalista nel Regno Unito dal Patto di Monaco al crollo della Francia (1938-1940)* (Bologna: Il Mulino, 2009), 29-136.

<sup>9</sup> See *Federal Union: Report of the Executive to the Council for the Period October-December 1945*, Frances Josephy Papers, LSE, 1/12; Mayne, Pinder, and Roberts, *Federal Union: The Pioneers*, 30-32.

Several reasons have been adduced to explain FU's loss of grip on the British people. First, it has been argued that the conflict drew attention away from the federalist agenda: a number of unionists were indeed drafted or "absorbed into war work"<sup>10</sup>. Second, the outburst of national pride during the Battle of Britain and the increasingly close relationship with Washington concurred in pushing federalism to the fringes<sup>11</sup>. In both these widely accepted interpretations, despite a difference in emphasis, exogenous factors are to blame. A few historians, on the other hand, have glimpsed ideological divisions lurking beneath the surface. Richard Mayne, John Pinder, and John C. de V. Roberts, in the most comprehensive treatment of FU produced so far, incidentally noticed that in the early days "many recruits to Federal Union believed in Atlantic union" as envisaged by the American journalist Clarence K. Streit, whose quixotic books earned him some distinguished followers<sup>12</sup>. Although Streit had already set up his own organization, Federal Union, Inc., committed to the establishment of a federation of fifteen democracies including the U.S. and the U.K., FU's momentous decision to

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<sup>10</sup> John Pinder, *European Unity and World Order: Federal Trust 1945-1995* (London: Federal Trust for Education and Research, 1995), 2. See also John Kendle, *Federal Britain: A History* (London-New York: Routledge, 1997), 121-122; Bosco, *Federal Union e l'unione franco-britannica*, 360, 430.

<sup>11</sup> See e.g. R. A. Wilford, "The Federal Union Campaign," *European History Quarterly* 10 (1980), 111; Lipgens, *A History of European Integration*, 160; Philip M. H. Bell, "Discussion of European Integration in Britain 1942-45" in *Documents on the History of European Integration. Vol. II*, 205-207; Martin J. Dedman, *The Origins and Development of the European Union 1945-2008: A History of European Integration* (London-New York: Routledge, 2010), 18-19.

<sup>12</sup> Mayne, Pinder, and Roberts, *Federal Union: The Pioneers*, 13. In his acclaimed essay *The American Century*, Henry R. Luce contended that "no thoughtful American has done his duty by the United States until he has read and pondered Clarence Streit's book" *Union Now* [Henry R. Luce, "The American Century," *Life* 10, no. 7, 17 February 1941, 63]. See also Alan Brinkley, *The Publisher: Henry Luce and His American Century* (New York: Alfred A. Knopf, 2010), 248. On Streit, see Ira L. Strauss, "Clarence Streit's Revival of the Federalist Strand in American History," in *The Federal Idea*, vol. I, 327-349.



publish an abridged version of Streit's *Union Now* in 1939 left the impression that FU and Federal Union, Inc. were actually the same<sup>13</sup>. This confusion "was to cause problems" since, in fall 1939, "the project of a European federation centred on Britain and France" was gaining currency in the F.U. headquarters but not necessarily among ordinary supporters. Yet Mayne, Pinder, and Roberts neither investigated that issue further nor discussed the extent to which this misunderstanding hampered the movement<sup>14</sup>. Michael Burgess was more outspoken in stressing that FU "never succeeded in reconciling the two broad schools of thought about international federation which gradually emerged during 1941-42", namely the one giving priority to a worldwide framework and the one calling for regional groupings first (for example, a united Europe). He also acknowledged that FU managed to keep his non-partisan status "only with great diligence" since "the representation of socialist views was manifestly strong". Nevertheless, he refrained from assessing the consequences of these cleavages: hence, one may be led to think that their implications were negligible<sup>15</sup>. A more compelling analysis can be found in Martin Ceadel's seminal work on the British Peace Movement. Ceadel contended that between 1938 and 1940 FU filled the vacuum left by the sinking League of Nations Union, providing "a vast reserve of peace sentiment"

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<sup>13</sup> Excerpts of *Union Now* appeared as a F.U. Tract under the title *America Speaks* (London: Federal Union, 1939). Later wartime pamphlets by Streit – *The Need for Union Now: Why Our Urgent Problem is to Form an Inter-Democracy Federal Union* (1940) and *Union Now with Britain* (1941) – were released by American publishers only.

<sup>14</sup> Mayne, Pinder, and Roberts, *Federal Union: The Pioneers*, 14, 26.

<sup>15</sup> Burgess, *The British Tradition of Federalism*, 145, 143.

with “a cause which offered some hope of abolishing the war in the longer term”. Once the conflict broke out but the United States refused to join it, federalism “became less globalist and Atlanticist in his focus and more regional and European”, though in the subsequent months Western Europe’s inability to liberate itself and the Lend-Lease Act “revived” the Atlanticist wing. This “ideological division” persisted alongside FU’s “financial problems”. Finally, the “new primacy of domestic politics” generated by the publication of the Beveridge Report led “progressive opinion” to switch “its attention from federalism to social reform”. In Caedel’s reading, therefore, an interplay of external dynamics, financial constraints, and ideological fragmentation about competing models of federation sealed the fate of FU by 1945<sup>16</sup>. In a similar fashion, Alberto Castelli flagged some operational difficulties and strategic rifts plaguing FU but his overreliance on published sources prevented him from bringing fresh evidence about the causes of the swift collapse of the organization<sup>17</sup>.

Each of these contributions, to be sure, identified several key issues and improved our understanding of FU’s trajectory. Yet, all of them paid remarkably scant attention to FU’s internal economic debate, which not only absorbed a good deal of

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<sup>16</sup> Martin Caedel, *Semi-Detached Idealists: The British Peace Movement and International Relations, 1854-1945* (Oxford-New York: Oxford University Press, 2000), 384, 402, 410, 418.

<sup>17</sup> See Alberto Castelli, *Una pace da costruire: i socialisti britannici e il federalismo* (Milan: Franco Angeli, 2002), 75-81, 112-120. In recollecting internal splits, Castelli referred to John Pinder, “British Federalists 1940-1947,” in *Plans des temps de guerre pour l’Europe d’après-guerre 1940-1947 – Wartime Plans for Postwar Europe 1940-1947. Actes du Colloque de Bruxelles, 12-14 mai 1939*, ed. Michel Dumoulin (Bruxelles, Bruylant; Milan, Giuffrè; Paris, L.G.D.J.; Baden Baden, Nomos Verlag, 1995), 247-274, which is rather elusive on the matter.

energies from its members but also proved highly divisive. In order to fully appreciate its relevance, it must be stressed how FU dealt with economic policy since its very beginnings.

### **Uneasy neutrality: Federal Union, 1938-1940**

FU's first official declaration of aims, drafted in the spring of 1939, barely mentioned economics. After denouncing "economic self-sufficiency" as a wicked by-product of national sovereignty it stated that "currency, trade, communication and migration" would belong to "common affairs" alongside defence in the future federation. No specific economic policy for the union, however, was outlined<sup>18</sup>. Founders carefully abstained from recommending either a socialist or a capitalist framework. In June 1939 Lord Lothian warned that "seventy socialist sovereign states would find it difficult to live together in prosperity and peace as seventy capitalist states have done" unless adequate international institutions were built up, implying that reining in national sovereignty had priority over any attempt to socialize the means of production<sup>19</sup>. William B. Curry, in his *The Case for Federal Union* which sold 100,000 copies in six months, maintained that "socialism is a possible road to Federal Union"

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<sup>18</sup> "Statement of Aims" in Lothian, *The Ending of Armageddon*, 16-17. See also Melville Channing-Pearce, "Introduction," in *Federal Union: A Symposium*, ed. Melville Channing-Pearce (London: Jonathan Cape, 1940), 9-14.

<sup>19</sup> Lothian, *The Ending of Armageddon*, 7.

but not the shortest: since “certain forms of liberal capitalism might endure for some generations yet, and granted freedom from war, give a tolerable life for the mass of mankind” the creation of a federation of democracies would be “more immediately practicable” and thus of paramount importance<sup>20</sup>. In April 1940 William Beveridge conceded that “considerable transfer of economic powers from the national to the federal authority [...] is probably the ideal” and yet “it is better that they should federate for defence and foreign policy and equal access to their dependences than not at all. They may come together more easily on a limited programme.”<sup>21</sup>

A good deal of pragmatism operated behind that attitude. Cyril Edwin Mitchinson Joad – philosopher, pacifist, and self-proclaimed socialist – was keen to draw a clear-cut distinction between federal and socialist aims. As he pointed out in January 1940, people had to “realise to what question FEDERAL UNION is the answer. It is not an answer to the question ‘How can poverty be overcome, economic injustice ended, or civilisation made millennial’. It is an answer to the much simpler question, ‘How can civilisation survive?’” Science has made modern man so enormously destructive that he can no longer afford to indulge his natural mischievousness in war. If war continues, civilisation will collapse; and its collapse will mean not that Socialism takes the place of Capitalism, but that a handful of half-starved savages will be

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<sup>20</sup> William B. Curry, *The Case for Federal Union* (Harmondsworth: Penguin Books, 1939), 178-179.

<sup>21</sup> William Beveridge, *Peace by Federation?* (London: Royal Institute of International Affairs, 1940), 17-18.

quarrelling and gibbering over the last turnip.” Federalism, therefore, strove towards a narrower goal, and yet, exactly for that reason, had better chances to succeed: “FEDERAL UNION would make no changes in our daily life, except those consequent upon our relief from the burden of supporting vast armies, and arising from the extension of the area over which the sentiment of patriotism operates.” Of course, nothing would prevent federated states from enacting far-reaching reforms on matters under their domestic jurisdiction, whenever willing to do so. However, from Joad’s standpoint, FU had to remain a non-socialist organization, open to individuals who rejected socialist economics.<sup>22</sup>

Neutrality, however, did not stem from the cautiousness and self-restraint alone. A clear preference for a federation in which States would surrender absolute sovereignty but retain most of their economic competences emerge from a number of early articles and essays published by FU associates who were expressing personal views<sup>23</sup>. This approach also reflected the assumption that economic integration should consist of nothing but negative measures making ‘beggar-thy-neighbour’ policies (e.g., protectionism) impossible. Following the *Federalist Papers*, this persuasion – which we may categorize as ‘laissez-faire’ federalism – rested squarely upon the principle of self-

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<sup>22</sup> Cyril E. M. Joad, “The Motion Opposed,” *Federal Union News*, 20 (3 February 1940): 5, 6-7.

<sup>23</sup> See e.g. Richard Law, *Federal Union and the League of Nations* (London: Federal Union, 1939); William Ivor Jennings, *A Federation for Western Europe* (Cambridge: Cambridge University Press, 1940), 112-115; Storm Jameson, “Federalism and the New Europe,” in *Federal Union: A Symposium*, 258-260; Kenneth C. Wheare, *What Federal Government Is* (London: Macmillan, 1941), 10-13. For a similar point, see Clarence K. Streit, *Union Now* (London: Jonathan Cape, 1939), 80-81, 259-262.

regulated markets within the union and hailed at the abolition of trade barriers as beneficial to all member States<sup>24</sup>. Evidence suggests that the prospect of reducing exchange rates fluctuations and cutting public spending by centralizing some functions enthralled the more conservative unionists. For instance, Melville Channing-Pearce, secretary of the powerful Oxford FU branch, ranked the “the *creation of a federal money* far more stable than the pre-war pound sterling” and “a great and immediate *decrease in taxation*” through the suppression of “unnecessary inter-state governmental machinery” among the most significant benefits of a federal order<sup>25</sup>. Even more important, such a framework would embed free trade into the federal constitution. As Kimber adamantly put it in July 1940, “it is inconceivable that we should ever again return to the chaos of competitive economic policies and allow trade restrictions to be used as the instruments of economic warfare.”<sup>26</sup>

For sure, the increasing politicization of foreign trade driven by the pursuit of autarchy was a major concern for the chief economist involved in the creation of FU, Lionel Robbins, then an unflinching free-market advocate and critic of Keynes who had

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<sup>24</sup> In the words of Alexander Hamilton: “An unrestrained intercourse between the States themselves will advance the trade of each by an interchange of their respective productions, not only for the supply of reciprocal wants at home, but for exportation to foreign markets. The veins of commerce in every part will be replenished, and will acquire additional motion and vigor from a free circulation of the commodities of every part.” [“Federalist XI,” in James Madison, Alexander Hamilton, and John Jay, *The Federalist Papers*, ed. Isaac Kramnick (London: Penguin Books, 1961), 132]

<sup>25</sup> Melville Channing-Pearce, “The Federation of the Free,” *The Hibbert Journal*, no. 38 (1939), 17.

<sup>26</sup> Anonymous, *How We Shall Win* (London: Federal Union, 1940), 10. See also “Oxford Conference Lecture: How We Shall Win,” *Federal Union News* 14 (14 September 1940), 2. Emphasis in the original.

urged the “restoration of capitalism” to overcome the Great Depression<sup>27</sup>. Robbins’ first major contribution to international thought came out in 1937. Tellingly enough, Wilhelm Röpke – a conservative liberal close to the Austrian School – praised the book as “a most efficacious antidote against the intellectual disorder of our times” whilst socialist G.D.H. Cole dismissed it as the brainchild of “an apostle of *laisser-faire*”<sup>28</sup>. Appalled by a world “frozen into a series of geographical monopolies” due to the rise of tariffs and quotas, the control of capital movements and the manipulation of foreign exchanges, Robbins lambasted national planning for triggering instability, and foresaw “less fortunate people being provoked to predatory war by the exclusiveness of the more fortunate”. The restoration of international liberalism, however, required a new settlement. “It is necessary that the national states should surrender certain rights to an international authority”, including the one to gain advantages for themselves to the detriment of others: “it would be the object of a liberal world federation to create the maximum scope for international division of labour: and any restriction of trading between governmental areas would be totally alien to its intention.” Such a union might entail geographical limitations and provisional arrangements in the short run but Robbins had no doubt that “the establishment of competitive conditions on an

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<sup>27</sup> Lionel Robbins, *The Great Depression* (London: Macmillan, 1934), 193-194. Robbins subsequently changed his mind on the causes of the Depression and expressed regret about the book. See Lord Robbins, *Autobiography of An Economist* (London-Basingstoke: Macmillan, 1971), 154-155.

<sup>28</sup> Röpke to Robbins, 19 May 1937, Lionel Robbins Papers, LSE, 3/1/1; G. D. H. Cole, “An Apostle of *Laisser-Faire*,” *The New Statesman and Nation*, no. 13 (327), (29 May 1937): 898. Robbins vehemently rejected Cole’s argument: see Lionel Robbins, “An Apostle of *Laisser Faire*,” *The New Statesman and Nation*, no. 13 (328), (5 June 1937): 921.

international scale” would enhance prosperity and security. Rather than any “socialist revolution” further exacerbating the “contradictions of nationalist separation”, he championed the creation of a federal-liberal order in which national rivalries “would not be permitted to emerge”<sup>29</sup>. It is no accident that Robbins’ well-known plea for the United States of Europe appeared in a book aimed at rejecting Hobson’s and Lenin’s theories of imperialism. Firmly convinced that only “the existence of independent national sovereignties” allowed diverging economic interests to turn into hot war, Robbins maintained that an enduring peace could be achieved through a supranational political settlement. Moreover, a union along American lines would free the Continent from the survival of “uneconomic units” and “the maintenance of vast armies”<sup>30</sup>. Robbins’ ascendancy over FU members was unquestionably strong, especially on Lionel Curtis<sup>31</sup>.

Less vocal but nevertheless prominent was Robbins’ friend and colleague at the London School of Economics, FU contributor, and future Nobel Prize Winner Friedrich Hayek. Hayek’s laissez-faire federalism, first outlined in 1939, proved even more pronounced than Robbins’. Believing that a political union “would not last long unless accompanied by economic union”, he envisaged a full “common market unit” under a “universal monetary system” to curb the autonomy of national central banks. By

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<sup>29</sup> Lionel Robbins, *Economic Planning and International Order* (London: Macmillan, 1937), 64, 96, 245, 247, 259, 327.

<sup>30</sup> Lionel Robbins, *The Economic Causes of War* (London: Jonathan Cape, 1939), 99, 107.

<sup>31</sup> Bosco, *Federal Union e l’unione franco-britannica*, 67-68; Susan Howson, *Lionel Robbins* (Cambridge-New York: Cambridge University Press, 2011), 345-346.



preventing states from embarking upon “socialist planning” that union would result in “less government”, as several tasks forbidden at domestic level would not be fulfilled at the federal one. In such a way “much of the interference with economic life to which we have become accustomed will be altogether impracticable”. To Hayek’s mind, the “abrogation of national sovereignties” would hence become “the necessary complement and the logical consummation of the liberal program”<sup>32</sup>.

### **FURI debates: Federal Union, 1939-1940**

The suspect that economic neutrality would in fact transform the federation into a vehicle for unbridled capitalism surfaced soon. Historian Cedric Collyer was among the first to challenge Robbins’ paradigm arguing that “the capital economy in the twentieth century is imperialist, that is to say, its existence and prosperity depends on the expansion of its investments, and trade with those areas over which it has political control, or which depend upon that economy for certain materials or manufactures.” Besides, Collyer doubted that “the owners of wealth” would “give up that sovereignty which is their main highway, in the political sense, to the safeguarding and expansion of their economic position.” Seeing class dominance and state sovereignty as inextricably

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<sup>32</sup> Friedrich A. Hayek, “The Economic Conditions of Inter-State Federalism,” *New Commonwealth Quarterly* 5, no. 2 (1939): 134, 135, 136, 142, 141, 146. See also Friedrich A. Hayek *Monetary Nationalism and International Stability* (Geneva: Graduate Institute of International Studies, 1937). On Hayek’s international thought, see Jorg Spieker, “F. A. Hayek and the Reinvention of Liberal Internationalism,” *The International History Review* 36, no. 5 (2014): 919-942.

interwoven, Collyer held that only a preliminary transition to socialism within nation states would make federation possible<sup>33</sup>. A few months later, literary critic John Middleton Murry complained that a “vast area of universal free trade” would generate “universal distress” and “could not fail to create a number of violent nationalistic movements” in the newly depressed areas. According to Murry, the abolition of trade barriers was likely to trigger a general increase in inequality between regional areas with different living standards<sup>34</sup>. Singing the same tune, philosopher and sci-fi writer Olaf Stapledon urged F.U. to beware of “capitalist plotters” and concluded that a “federation without a large measure of socialism would be the capitalists’ paradise” rather than a truly democratic union<sup>35</sup>.

These voices, however, remained isolated until the economic implications of federalism were discussed in the Economists’ Committee of the FU Research Institute (FURI), founded in October 1939. Although Robbins’ writings formed the “basis for the economic scientific debate”<sup>36</sup>, the Economists’ Committee was the first forum where

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<sup>33</sup> Cedric Collyer, “A Socialist Thinks This,” *Federal Union* 10 (25 November 1939): 5, 6. Building on Collyer’s article, local branches debated whether socialism should precede the establishment of a federation. Where votes were taken (in Birmingham, Brighton, Harrow, Peckham, and Southend-on-Sea) a heavy majority of unionists supported federation first. However, most of the opinions reported by *Federal Union News* were not anti-socialist and did not rule out a transition to socialism at federal level in the long run: see “January Group Debate: ‘That Socialism Should Precede Federal Union’,” *Federal Union News* 20 (3 February 1940): 2-3.

<sup>34</sup> John Middleton Murry, “Pre-Conditions of Federal Union,” in *Federal Union: a Symposium*, 156, 160.

<sup>35</sup> Olaf Stapledon, “Federalism and Socialism,” in *Federal Union: A Symposium*, 121, 129, Stapledon’s socialist federalism, exposed at length in *New Hope for Britain* (London: Methuen, 1939), owed much to MP Richard Acland, FU member and later founder of the New Common Wealth Party.

<sup>36</sup> Fabio Masini, “Money, Business Cycle, Public Goods: British Economists and Peace in Europe, 1919-1941,” in *Pour la Paix en Europe: Institutions et société civile dans l’entre-deux-guerres / For Peace in*

economic neutrality underwent close scrutiny and several claims made by laissez-faire federalists were dropped.

At first, socialist scholars strongly objected to economic integration. Henry Douglas Dickinson, a Fabian whose *The Economics of Socialism* (1939) had been recently attacked by Hayek<sup>37</sup>, found old-fashioned liberal schemes of integration outmoded, “appropriate for the expanding, free-enterprise phase of capitalism” but not for the twentieth-century one. Imposing a single monetary authority, moreover, would imply either centralised planning on an all-union scale or the total lack of it. Convinced that “the terms of federation should permit each constituent State to regulate its internal economic life”, he suggested integration in the political realm (e.g., defence, migration) coupled with “consultation and voluntary agreement” in the economic field<sup>38</sup>. In a similar fashion later Prime Minister Harold Wilson dubbed Hayek’s proposal “a denial

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*Europe: Institutions and Civil Society between the World Wars*, ed. Marta Petricoli and Donatella Cherubini (Brussels: Peter Lang, 2007), 182. Along with Robbins, Hayek, and Beveridge, the other FURI economists were Evan F.M. Durbin, Henry D. Dickinson, J. Marcus Fleming, James E. Meade, and Barbara Wootton. *Federal Union News* hailed at the first meeting as “a real success, and it is of great significance that economists of such different schools of thought as, for instance, Prof. Robbins and Mrs. Wootton are able to agree” [“Economic Conference at Oxford,” *Federal Union News* 6 (28 October 1939): 1]. On FURI, see Andrea Bosco “Introduction,” in *Towards the United States of Europe: Studies on the Making of the European Constitution*, ed. Patrick Ransome (London-New York: Lothian Foundation Press, 1991), 13-46.

<sup>37</sup> See Friedrich A. Hayek, “Socialist Calculation: The Competitive Solution,” *Economica* 7, no. 26 (1940): 125-149.

<sup>38</sup> Henry Douglas Dickinson, *Federal Union, Free Trade and Economic Planning*, 1939, 1, 5, 8, Federal Trust, LSE, B/2/1.

of the right to practise collectivism” and recommended that “a federal union should begin as unambitiously as possible in the economic sphere.”<sup>39</sup>

Dickinson, however, had second thoughts after reading a paper by the later Nobel Prize winner James Meade, aimed at sketching out a framework allowing “harmonious economic relations between ‘liberal’ and ‘socialist’ national economies.” Meade was prone to acknowledge the benefits of free trade but, unlike Hayek, refused to impose a liberal straightjacket to all countries. Arguing that “a diversity of national economic policies is not without positive advantages”, especially in an age of experimentation, he underscored that stronger central institutions would be able to compensate those imbalances caused by the abolition of barriers. Hence, for instance, a common monetary authority would be able to depreciate national currencies when required, preventing at once crises in the balance of payments and harmful competitive devaluations aimed at boosting exports by exchange rate manipulation<sup>40</sup>.

Meade’s thesis did not become common wisdom among FU economists. On several issues left-wing members of FURI (particularly Dickinson and J. Marcus Fleming) proved uncompromising critics, denouncing the perils of mounting unemployment and capital flights if unrestricted free trade were permitted<sup>41</sup>. For sure

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<sup>39</sup> James Harold Wilson, *Economics Aspects of Federation*, 1940, 2, 4, Federal Trust, LSE, B/2/1.

<sup>40</sup> James Meade, *Economic Problems of International Government*, 1939, 3, 9, Federal Trust, LSE, B/2/1. Meade further elaborated his argument in *The Economic Basis of a Durable Peace* (London: G. Allen & Unwin, 1940), 37-73.

<sup>41</sup> See e.g. Henry Douglas Dickinson, *Memorandum on Labour Legislation by an International Authority*, 1940, 1-2, Federal Trust, LSE, B/2/1; James Marcus Fleming, *Memorandum on Unemployment and*

they remained a minority in the Committee, which continued to recommend the creation of a single currency and restrictions to national planning until the closing of the Institute, in June 1941<sup>42</sup>. Still, Meade's remarks persuaded Lionel Robbins to soften his opposition to economic governance<sup>43</sup>. In 1940 the latter came to agree that "the power of the Federation must not be limited to a negative control of the anti-social activities on the part of State governments" for "positive powers" were "indispensable" to provide stability and welfare<sup>44</sup>. In fields like migration, trade, and money, the fundamental point was "*not that no regulation should be allowed, but that what regulation there is should be a federal and not a state function*". Even collectivist experiments involving a policy of restriction or discrimination could be tolerated, provided the federal authority authorized them<sup>45</sup>.

What is relevant here is the emergence of a theoretical middle ground where Robbins and Dickinson could rather comfortably fit in. Robbins distanced himself from

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*Federation*, 1940, 1-3, Federal Trust, LSE, B/2/1; Henry Douglas Dickinson, *Comments on Mr. Fleming's Memorandum on Unemployment and Federation*, 1940, 1-2, Federal Trust, LSE, B/2/1.

<sup>42</sup> FURI prevailing opinion is summarized in Barbara Wootton, "Economic Aspects of Federal Union", in *Federal Union Research Institute – First Annual Report 1939-1940*, 1-3; *Report of an Anglo-French Economists' Conference, Paris, April 13 and 14 1940*, 1-4; *Report of Meeting of the Economists' Committee, August 15, 1940*, 1-2; Patrick Ransome, "Introduction," in *Federal Union Research Institute – Second Annual Report 1940-1941*, 1-2, all in Federal Trust, LSE, B/2/1.

<sup>43</sup> See Meade to Robbins, 31/3/1940, in Lionel Robbins Papers, LSE, 3/1/7.

<sup>44</sup> Lionel Robbins, *Interim Report on the Economic Aspects of the Federal Constitution*, 1940, 5, Federal Trust, LSE, B/2/1.

<sup>45</sup> Lionel Robbins, "Economic Aspects of Federation," in *Federal Union: A Symposium*, 172. Emphasis in the original. The essay was reprinted by Macmillan in 1941 and enjoyed wide circulation: see John Pinder, "Robbins: a Federal Framework for an International Economy: Introductory Note," in *Altiero Spinelli and the British Federalists: Writings by Beveridge, Robbins and Spinelli, 1937-1943*, ed. John Pinder (London: Federal Trust for Education, 1998), 45-47.

Hayek, whose proposal banned government intervention both at state and at federal level. Dickinson, for his part, accepted a union having economic competences, putting a hold on economic policies harmful to other member States. Despite supporting different economic agendas, both Robbins and Dickinson agreed with Meade that a fully-fledged federation needed policy tools to run its economic life, and therefore had to move beyond economic neutrality<sup>46</sup>. This conclusion marked a crucial step away from laissez-faire federalism within FU. As a consequence, the increasingly isolated Hayek began investigating other issues, such as prospects of restoring classical liberalism in denazified Germany<sup>47</sup>. Yet even this compromise was to be short-lived. Meade and Robbins joined the War Cabinet Secretariat in summer 1940<sup>48</sup>, and FURI ceased its activities less than a year later. Both these events concurred in tilting the balance within the organization as elements striving for more radical solutions were now in the position to get a free hand.

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<sup>46</sup> See Lionel Robbins “Book of the Day: Economics and Peace,” *The Spectator*, 21 March 1940, reviewing Meade’s *The Economic Basis of a Durable Peace*; and his articles on “Federal Union Examined,” in *The Spectator*, 29 March 1940, and *The Spectator*, 11 April 1940. Robbins insisted that his position was a “bridge” between liberals and collectivists within F.U. [see Channing-Pearce to Robbins, 7/3/1940 and 11/3/1940, Lionel Robbins Papers, LSE, 3/1/7]. Having read Meade’s memorandum, Dickinson acknowledged that his views had changed “considerably” for Meade’s measures “would overcome many of the difficulties [...] and enable a form of Federal Government to be reconciled with extensive State powers of economic planning and social controls.” [Henry Douglas Dickinson, Addendum to *Federal Union, Free Trade and Economic Planning*, 1]

<sup>47</sup> See “Federal Union Research Institute – Conference on the Re-Education of the German People, University College, Oxford, April 26 & 27, 1941,” in *Federal Union Research Institute – Second Annual Report 1940-1941*, 1-2, Federal Trust, LSE, B/2/1.

<sup>48</sup> See Susan Howson and Donald Moggridge, “Introduction,” in *The Wartime Diaries of Lionel Robbins and James Meade, 1943-45*, ed. Susan Howson and Donald Moggridge (Basingstoke: Palgrave Macmillan, 1990), 1.

## The collectivist offensive: Federal Union, 1940-1941

Socialists' efforts to move towards supranational economic planning need to be seen in the context of the "lure of the plan" permeating British Progressive culture in the mid-1930s and early 1940s, at the high tide of Soviet economic success<sup>49</sup>. The idea of a planned order, wherein the commanding heights of society would no longer be in private hands, crept into federal thought through the notion of 'economic security'. As early as in 1939, Henry Noel Brailsford, an early supporter of FU and leading contributor of *The New Statesman & Nation*, mentioned it among the fundamental aims of the federation. At the apex of the federal free trade area, Brailsford envisaged a "council devoted to planning" whose tasks encompassed aid to agriculture, development of backward regions, and negotiating authority to coordinate economic policies<sup>50</sup>. Brailsford's views were in the minority. It took an energetic campaign waged mainly by Barbara Wootton to push F.U. away from laissez-faire and fully embrace that interventionist outlook.

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<sup>49</sup> See Paul Flewers, "The Lure of the Plan: The Impact of the Five-Year Plans in Britain," *Critique Journal of Socialist Theory* 36, no. 3 (2008): 343-361; Bill Jones, *The Russia Complex: The British Labour Party and the Soviet Union* (Manchester: Manchester University Press, 1977), 11-32. On the term 'progressive', see P. F. Clarke, "The Progressive Movement in England," *Transactions of the Royal Historical Society* 24 (1974): 159-181; David Blaazer, *The Popular Front and the Progressive Tradition: Socialists, Liberals, and the Quest for Unity, 1884-1939* (Cambridge-New York: Cambridge University Press, 1992), 12-20.

<sup>50</sup> Henry Noel Brailsford, *The Federal Idea* (London: Federal Union, 1939), 7, 13.

Wootton – a young economist of Fabian tenets expressing serious reservations about Streit’s federal scheme – held nuanced, evolving views about the federal government’s economic tasks<sup>51</sup>. In May 1940, debating with Marxist Edgar Hardcastle, she stuck to an instrumental view, stating that “the socialist has to support Federal Union simply as a piece of machinery.” A union of states would serve as a “breathing space”, so social reforms accomplished at national level would no longer be endangered by armed conflicts<sup>52</sup>. A self-proclaimed “unrepentant planner”, Wootton agreed with Robbins at least on one key issue: national sovereignty was the reason why economic tensions could turn into hot wars<sup>53</sup>. “A stable international order is an absolutely essential precondition of any socialist progress” she wrote reviewing D. N. Pritt’s *Federal Illusion?*. “Federation is not itself socialism, any more than taking the train is the same thing as attending a social meeting. But people from a distance will never get to the meeting if they refuse to take the train: still less if they boycott all means of transport on the ground that these may be used to convey people to anti-socialist gatherings.”<sup>54</sup>

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<sup>51</sup> On Wootton, see Alberto Castelli, *Una pace da costruire*, 120-134; Ann Oakley, *A Critical Woman: Barbara Wootton, Social Science and Public Policy in the Twentieth Century* (London: Bloomsbury Academic, 2011), 141-164. For her views on Streit, see Barbara Wootton, “Economic Problems of Federal Union,” *The New Commonwealth Quarterly* 5, no. 2 (1939): 150-156.

<sup>52</sup> VV. AA., *Should Socialists Support Federal Union? Report of a Debate between Federal Union (Mrs. Barbara Wootton) and Socialist Party of Great Britain (M. E. Hardy)* (London: Socialist Party of Great Britain, 1940), 11, 39.

<sup>53</sup> Wootton to Robbins, 28/12/1939, Lionel Robbins Papers, LSE, 3/1/1.

<sup>54</sup> Barbara Wootton, “Socialism and Federal Union,” *Federal Union News* 35 (25 May 1940): 5.



By mid 1940, however, Wootton was articulating a more sophisticated approach. A fervent internationalist, she maintained that socialism was to serve the interest of mankind, not of particular nations or peoples<sup>55</sup>. Moreover, she now claimed that a federal union, while still being a free-trade area, could be equipped with policy tools to temper the excesses of large-scale competition<sup>56</sup>. This was the rationale behind ‘Federation Plus’, a blueprint she set against ‘Federation Pure and Simple’, the one economically neutral. In Wootton’s words: “if Federation can give us peace, it can also give us good food and decent homes and something to keep the family going.”<sup>57</sup> ‘Federation Plus’ meant “to lay down standards” and entailed “the provision of a minimum basic income irrespective of everything else” in order to abolish absolute poverty<sup>58</sup>.

This insight alarmed Hayek, who came out publicly against it on *Federal Union News*, the movement’s bulletin: “When Mrs. Wootton proposes to charge the *Federal Government* with the duty to provide the Federal Citizens ‘with good food and decent

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<sup>55</sup> Barbara Wootton, “The Lost Internationalism,” *Federal Union News* 23 (February-March 1940): 4. Barbara Wootton, *Socialism and Federation* (London: Macmillan, 1941), 28-32.

<sup>56</sup> Wootton probably drew this insight from the FURI debates and other left-wing federalists such as R.G.W. Mackay: see e.g. R.G.W. Mackay, *Federal Europe, Being the Case for European Federation Together with a Constitution of a United States of Europe* (London: M. Joseph, 1940), esp. 58, 129, 194-198. In summer 1940 Mackay was asked to write an economic draft for the FU Executive Committee: see *Minutes of Meeting of Executive Committee Held on August 29<sup>th</sup>*, 1-2, Frances Josephy Papers, LSE, 1/2.

<sup>57</sup> Barbara Wootton, “Plus Plan for Plenty,” *Federal Union News* 41 (6 July 1940): 1.

<sup>58</sup> Barbara Wootton “Oxford Conference Lecture: Mrs. Barbara Wootton, “Standards for a Federal Government,”” *Federal Union News* 50 (7 September 1940): 3. Wootton borrowed the terminology from another F.U. activist, Freda Gurling, whose concept of ‘federation plus’ was not immediately related to economics: see Freda Gurling, “Federation: Superstructure or ‘Super’ Structure?” *Federal Union News* 34 (18 May 1940): 2-6.

homes', one cannot but become apprehensive of what the future of such a Federation would be. It is not the economic but the political problems that worry me." Hayek warned that these provisions required "extensive central (i.e. Federal) planning of most productive activities", forcing citizens to give the federation "the power to regulate their economic life, to decide what they should produce and consume." That would be a potentially catastrophic development, for imposing "too big a task upon the Federation" would lead either to its breakdown or to the establishment of "an international tyranny. And Heaven protect us from a totalitarian federation."<sup>59</sup> Hayek's opposition to 'Federation Plus', therefore, flowed from serious concerns about economic planning: his letter contains, in a nutshell, the basic argument of *The Road to Serfdom*, which appeared four years later<sup>60</sup>. Little wonder that Wootton felt obliged to reply to Hayek's successful pamphlet by writing *Freedom under Planning*, published in 1945. The Hayek-Wootton controversy began as a dispute about federal powers but soon highlighted deeper disagreements about the prerequisites of a free society<sup>61</sup>.

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<sup>59</sup> Friedrich A. Hayek "Prof. Von Hayek Replies to Mrs. Wootton," *Federal Union News* 42 (13 July 1940): 3.

<sup>60</sup> In the book Hayek also bashed the "numerous ill-considered and often extremely silly claims on behalf of federal organisations" on economic matters, clearly hinting at FU: Friedrich A. Hayek, *The Road to Serfdom* (London-New York: Routledge, 1944), 239.

<sup>61</sup> As Or Rosenboim summed up, «while for Hayek political devolution was meant to weaken and disintegrate the national state without transferring its powers to the federal authority, for Wootton it was a means of involving the individuals in the system of planning directed by the federal state» [Or Rosenboim "Barbara Wootton, Friedrich Hayek and the Debate on Democratic Federalism in the 1940s," *The Review of International History* 36, no. 5 (2014): 913]. Despite shedding some light on Wootton's engagement with F.U., Rosenboim's article is mostly concerned about her stature as international political theorist.

For her part, Wootton was keen to stress the pragmatic, rather than socialist, character of her scheme<sup>62</sup>. In a series of articles published in 1941 she thoroughly examined the issues of compulsory minimum economic standards, fair taxation, and increased educational opportunities within a federal order<sup>63</sup>. In the meantime, she took advantage of her role as Chairman of the FU Executive Committee to advance her agenda<sup>64</sup>. At the Annual Delegates' conference, in January 1941, Wootton proposed to officially commit FU to 'Federation Plus'. Her most vociferous opponent, C. E. M. Joad, objected that the new aims would split the movement. The debate dragged on for three hours and half, until a resolution deferring the issue to the Board of Directors narrowly passed. The document, clearly based on compromise, referred to "social and economic security" and "equality of opportunity" as new FU aims<sup>65</sup>. This was not a Pyrrhic victory for Wootton, for she could count on many allies among Directors, all sympathetic with her stance: the Australian socialist solicitor Ronald Mackay, the later Labour MP Konni Zilliacus and Frances Josephy, a left-wing liberal internationalist, former president of the League of Young Liberals, Radicals, and Democrats. In May, the Board produced a statement entirely consistent with 'Federation Plus'. Having

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<sup>62</sup> The invitation to "think in terms of concrete things", avoiding "ism-words which are quite as useless", appeared often in her writings: see Barbara Wootton, *End Social Inequality: A Programme for Ordinary People* (London: Kegan Paul, Trench, Trubner, 1941), 60; Barbara Wootton, "A Plague on All Your Isms," *The Political Quarterly* 13 (1) (January 1942): 44.

<sup>63</sup> See Barbara Wootton "Plan for Plenty," *Federal Union News* 60 (1 March 1941): 1-4; Barbara Wootton "Plan for Plenty (2)," *Federal Union News* 61 (15 March 1941): 1-2; Barbara Wootton "Plan for Plenty (3)," *Federal Union News* 63 (26 April 1941): 2.

<sup>64</sup> See Barbara Wootton *The Policy of Federal Union*, 21 November 1940, Federal Trust, LSE, B/4/2; "Policy: Executive Options," *Federal Union News* 55 (21 December 1940): 2-3.

<sup>65</sup> "Annual Delegates' Conference," *Federal Union News* 57 (18 January 1941): 2-4.

affirmed that “economic needs will continue to loom large” in the post-war order since “extreme social inequality” and “the concentration of economic power in the hands of the few” were likely to undermine democracy, FU now claimed that

the first change on the resources and work of the community must be the provision for feeding, clothing, housing, education, and medical care of every citizen, and that it is furthermore the responsibility of the community to see that no citizen is denied the opportunity to find work with adequate pay, and under reasonable working conditions. While the execution of these duties will fall mainly on national authorities and will be discharged in very different ways in different countries, according to their social and economic practice, the obligation to lay down standards and to assist, where necessary, in seeing that they are maintained, must be federal, and must be laid down in unequivocal terms<sup>66</sup>.

This bold statement was far beyond the middle ground Robbins had agreed with, and marked a stark departure from any neutral or free-market framework<sup>67</sup>. Once a final attempt to restore ‘Federation Pure and Simple’ made by Harold S. Bidmead was

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<sup>66</sup> “Our New Policy,” *Federal Union News* 64 (10 May 1941): 5. According to Ransome this section, almost entirely drafted by Wotton, proved “highly contentious” among FURI economists: see Ransom to Beveridge, 24/5/1941, William Beveridge Papers, LSE, 7/63.

<sup>67</sup> In August 1941, Robbins – no longer a member – criticized the new FU economic platform for federation was originally supposed to “accommodate different types of social and economic structure”, not “only one”: see Robbins to Mackay, 15/8/1941, Lionel Robbins Papers, LSE, 3/1/5.

defeated by the National Council in July 1941, supranational economic planning remained an undisputed FU objective until the end of the war<sup>68</sup>.

### **Supranational planning and its discontents: Federal Union, 1940-1945**

Frances Josephy, appointed Chairman of Directors in August 1941, showed no inclination to reverse the course. In *Peace Aim-War Weapon*, which she drafted together with Kimber, Zilliacus and Joad in March 1942, “common economic planning, including the allocation of raw materials and the location of industry”, was put among the federal tasks alongside “central control of interstate trade”, “a monetary union”, “an international bank and investment board” and “central control of inter-State transport and communications.”<sup>69</sup> The new FU policy, stated in July 1942, foresaw federal “substantial powers” over “social welfare.”<sup>70</sup> Echoing FDR’s catchwords, “freedom from want” was to be the cornerstone of the future peace<sup>71</sup>. In mid-1943 the Federal Powers Committee – composed of the same authors of *Peace Aim-War Weapon* – delivered a detailed blueprint for a future Federal Government. In addition to a minimum wage and minimum standards of nutrition, housing and health, the

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<sup>68</sup> Bidmead to Mackay, 14/5/1941, Frances Josephy Papers, LSE, 1/5. On Bidmead’s federalism, see Harold J. Bidmead, *Tilting at Windbags: Autobiography of a World Federalist* (Devon: Edward Gaskell, 2005).

<sup>69</sup> “Peace Aim-War Weapon,” *Federal Union News* 28 (28 March 1942): 3.

<sup>70</sup> Anonymous, *Federal Union Official Policy* (London: Federal Union 1942), 3.

<sup>71</sup> “The People’s Poll for a People’s Peace,” *Federal Union News* 95 (January 1943): 1; Anonymous, *Federation: Target for Today!* (London, Federal Union, 1944), 6-7.

forthcoming Union would actively promote the equalization of living conditions through the Ministries of Trade, Planning and Communications<sup>72</sup>. In 1944-45, economics faded into background as debates about the United Nations, the future of Germany, and relationships with exiles and members of the Resistance movements took precedence. The interventionist trend outlined above, however, was still in place. It is revealing that John S. Hoyland's *Federate or Perish*, arguing that "convinced Socialists should look upon the building of the United States of the World as an essential step in the advance of humanity towards his goal of Socialism", replaced Curry's *The Case for Federal Union* as flagship FU publication<sup>73</sup>. By 1945, all leading members were left leaning and prominent conservatives no longer belonged to the FU. Of the seven candidates endorsed for the General Election, four were Liberals and three Labour<sup>74</sup>.

Adhesion to supranational planning reverberated on policy areas other than economics. An immediate consequence was the marginalization of Anglo-American unionists. Their main spokesperson in FU, George Catlin, favoured a large free-trade area between the U.S. and the British Empire along Streit's lines, argued that both Soviet Russia and Nazi Germany were "totalitarian", and criticized the "Economic School" of federalists which downplayed culture and common values – for Anglo-

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<sup>72</sup> See "Annual General Meeting: Report of the Federal Powers Committee of the Federal Union to the A.G.M." *Federal Union News* 101 (July 1943): 1, 14.

<sup>73</sup> John S. Hoyland, *Federate or Perish* (London: Federal Union, 1944), 181; *Report of the Executive Committee, 23-24 September 1944*, Federal Trust, LSE, A/1/1.

<sup>74</sup> See "Pass the Ammunition!", *Federal News* 119 (January 1945): 9-12; H. M. L. Newlands, "Fun with the 'Brains,'" *Federal News* 122 (April-May 1945): 9-13; Ruth Pepper, "Round the Poll," *Federal News* 125 (August 1945): 13-14.

Saxony, to him, was the most solid foundation of world peace –<sup>75</sup>. Once ‘Federation Plus’ became an official goal, Anglo-American unionism was dismissed as backward if not reactionary by several advocates of federal planning. Mackay, having met Clarence Streit in New York, drew a sharp distinction between F.U. and the Streit’s Federal Union, Inc.: “The fundamental difference between the two movements is that the British movement thinks in terms of democracy having three elements, political, economic and international, whereas the American movement is thinking only in terms of the third [...]. Streit is to the right of our own conservative people. He is not interested at all in the matter of decent social system or social security.”<sup>76</sup> An Anglo-Saxon union, Wootton dreaded, would downgrade Europe to a “colony.”<sup>77</sup> Socialist Mary Saran echoed her by saying it would “menace the future of European Federation and peace.”<sup>78</sup> Following Catlin’s resignation from the Anglo-American Committee in January 1942, the Atlantic wing disbanded and FU officially embraced European federation as a first nucleus of world government in fall 1944. This happened, however, only after the

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<sup>75</sup> George Catlin, *The Anglo-Saxon Tradition* (London: Kegan Paul, Trench, Trubner & Co., 1939), 264-275; George Catlin, *One Anglo-American Nation: The Foundation of Anglo-Saxony as Basis of World Federation; A British Response to Streit* (London: A. Dakers, 1941), 91; George Catlin, *Anglo-American Union as a Nucleus of World Federation* (London: Macmillan, 1942), 34-36.

<sup>76</sup> R.W.G. Mackay, *Report on Talks which Mr. Mackay Had with Mr. Clarence Streit in New York, 1941*, 4, Frances Josephy Papers, LSE, 1/5. See also R.W.G. Mackay, “American Movement,” *Federal Union News* 65 (24 May 1941): 2.

<sup>77</sup> “Anglo-American Union?” *Federal News* 69 (19 July 1941): 1, 4.

<sup>78</sup> *Council Meeting to be held on January 17<sup>th</sup> and 18<sup>th</sup> – Additional Resolutions*, Frances Josephy Papers, LSE, 1/6.

organization had turned to federal economic planning – a platform making U.S. participation completely unrealistic<sup>79</sup>.

The general attitude towards the Soviets also changed. Early FU publications often displayed contempt for Bolshevism: in 1940, Beveridge described the Soviet regime as “a tyranny become as shameless in aggression as Hitler itself”, adding that a federation would serve the double purpose of ensuring “the unification of Germany” and countervailing “aggressive Communism in Russia.”<sup>80</sup> Following Operation Barbarossa, however, Federal unionists encouraged Whitehall to mediate between “the extreme individualism of the U.S.A. and the extreme collectivism of the U.S.S.R” rather than form a merely diplomatic alliance<sup>81</sup>. Charles Kimber was now among those touting “a closer understanding of Russia” by “Western democracies” and urged Britain to stand “midway geographically and ideologically between the United States and the USSR”, preventing “clashes between rival ideologies” and allowing European nations to speak “with one voice.”<sup>82</sup> Advocates of a European socialist federation such as

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<sup>79</sup> “Europe First. Annual General Meeting, September 23-24,” *Federal News* 116 (October 1944): 13-14; H. M. L. Newlands, “United States of Europe – The Key to Peace,” *Federal News* 118 (December 1944): 1-2, 6.

<sup>80</sup> Beveridge, *Peace by Federation?*, 7, 30. In 1941 Beveridge refused a reprint permission because of the essay’s anti-Soviet bias although he privately admitted his views on the USSR had not changed [see Beveridge to Ransome, 8/9/1941, William Beveridge Papers, LSE, /7/63; Beveridge to Macmillan & Co., 22/11/1941, William Beveridge Papers, LSE, 7/63.

<sup>81</sup> See “Soviet Union – Federal Union’s Official View,” *Federal Union News* 70 (2 August 1941): 1; “Russian Treaty,” *Federal Union News* 89 (July 1942): 1.

<sup>82</sup> Charles Kimber, “European Security,” *Federal Union News* 98 (April 1943): 1-2, *Amendment to Foreign Office Memorandum (substance passed by A.G.M., July 1943)*, October 7 1943, Frances Josephy Papers, LSE 1/9. Admiration for the Soviets was expressed also by Barbara Wootton, “International Cooperation – The Constitutional Aspects,” in VV. AA., *What Kind of Peace* (London: National Peace



Kingsley Martin and Leonard Woolf delivered keynote speeches on international affairs at two FU National Council meetings in 1943<sup>83</sup>. Josephy even left the door open to a future Euro-Russian federation: “when the times comes that Russia accepts political democracy in the European sense, and Europe accepts economic democracy in the Russian sense, federation between the two will be practicable.”<sup>84</sup> By the end of the war latent anticommunism had been replaced by a Third Force strategy, bearing close resemblance to the one articulated by the Labour Left<sup>85</sup>.

Clinging to ‘Federation Plus’, however, had at least another consequence: it jeopardized the relationship between FU and two godfathers of the movement, Lionel Curtis and William Beveridge (the third, Lord Lothian, had passed away in December 1940).

Neither collectivism nor Europeanism could be appealing to Curtis, whose federalism had its roots in the Commonwealth-centred, Round Table tradition and assumed the cultural, not to say racial, supremacy of Anglo-Saxon peoples<sup>86</sup>. In January

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Council, 1940), 78; Norman Bentwich, “The Political Issues” in VV. AA., *Britain & Russia: The Future* (London: National Peace Council, 1942), 47-48; Hoyland, *Federate or Perish*, 188-189, and others.

<sup>83</sup> “Federal Union National Council Meets in London,” *Federal Union News*, 96 (February 1943): 4-5; “Federal Union National Council Meeting,” *Federal Union News* 99 (May 1943): 4-5.

<sup>84</sup> Frances L. Josephy, *Europe – The Key to Peace* (London: Federal Union, 1944), 11.

<sup>85</sup> On ‘Third Force’, see Jonathan Schneer, *Labour’s Conscience: The Labour Left, 1945-51* (Boston/London: Unwin Hyman, 1988), 52-78; R. M. Douglas, *The Labour Party, Nationalism and Internationalism, 1939-1951* (London-New York: Routledge, 2004), 228-233.

<sup>86</sup> See, John Edward Kendle *The Round Table Movement and Imperial Union* (Toronto-Buffalo: University of Toronto Press, 1975), 73-106; Deborah Levin, *From Empire to International Commonwealth: A Biography of Lionel Curtis* (Oxford: Clarendon Press, 1995), 276-297; Inderjeet Parmar, “Anglo-American Elites in the Interwar Years: Idealism and Power in the Intellectual Roots of Chatham House and the Council on Foreign Relations,” *International Relations* 16 (1) (2002), 53-75.

1940 Curtis was already unhappy with the F.U. literature: “There are several statements on two leaflets on which my name appears which I should challenge.”<sup>87</sup> In May 1941 he asserted that *Federal Union News* was “conducted in a way which can only discredit the cause of Federal Union in the minds of sober people.” Several reasons contributed to his disenchantment: Curtis disliked Kimber personally as much as the way he managed the budget but he also found the new generations of federalists too materialistic for his taste and too well disposed towards European integration<sup>88</sup>. It is important to notice, however, that Curtis also remained an unabashed opponent of supranational planning. As he wrote to Ralph Twentyman in 1940, “the greatest mistake would be to give an international government functions which it cannot carry out. Domestic affairs, the control of industry, social conditions, etc., must be left to the existing national governments, if only for the reason that one central government would neither have time nor the knowledge required to order such matters.”<sup>89</sup> He was even sceptical about unrestricted free trade and giving up states’ right to regulate migration because this “may postpone the first beginning of a really organic union.”<sup>90</sup> Utterly dismissive of economics, Curtis stuck to the principle that “the only way to test the argument [for federalism] is to try a system of international federation on the most moderate lines”,

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<sup>87</sup> Curtis to Law, 16/1/1940, Lionel Curtis Papers, Bodleian Library, 21/43.

<sup>88</sup> Curtis to Howard, 29/5/1941, Lionel Curtis Papers, Bodleian Library, 23/113; Curtis to Ransome, 26/11/1941, Lionel Curtis Papers, Bodleian Library, 24/141; Curtis to Rawnsley, 30/11/1943, Lionel Curtis Papers, Bodleian Library, 28/168.

<sup>89</sup> Curtis to Twentyman, 1/7/1940, Lionel Curtis Papers, Bodleian Library, 22/147.

<sup>90</sup> Curtis to Dulles, 14/5/1940, Lionel Curtis Papers, Bodleian Library, 22/26. See also Curtis to Streit, 15/5/1941, Lionel Curtis Papers, Bodleian Library, 23/102.

and economic planning fell outside that scope<sup>91</sup>. Between 1941 and 1945 Curtis authored no less than five books at odds with ‘Federation Plus’: in his view, “all internal and social affairs, including the incidence of taxation between one tax-payer and another” were to remain to “the national government where they now rest.”<sup>92</sup> Whether this made him a respectable federalist convinced that “states must still be allowed to control their own composition and social structure”, as Ransome nicely put it<sup>93</sup>, or an old-fashioned imperialist insensitive to “the incalculable influence on ideas which has resulted from the Russian alliance”, including the decline of the “traditional definition of democracy”, as Kimber bluntly described him<sup>94</sup>, by 1943 Curtis openly broke with the “continentally minded Liberals” running FU, and supranational planning contributed to his disentanglement<sup>95</sup>.

Beveridge too turned his nose up at the new course. Historians have generally pointed at the collapse of the Anglo-French Union project in 1940 and his wartime work to explain his disengagement from FU.<sup>96</sup> Moreover, in 1953 Beveridge still claimed to be “a Federal Unionist”, a remark that may lead to think he fully accepted the

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<sup>91</sup> Curtis to Bidmead, 4/9/1941, Lionel Curtis Papers, Bodleian Library, 23/196.

<sup>92</sup> Lionel Curtis, *Faith and Works* (Oxford: Oxford University Press, 1943), 41. See also Lionel Curtis, *Decision* (London: H. Milford-Oxford University Press, 1941), 45-52; Lionel Curtis, *Action* (London: H. Milford-Oxford University Press, 1942), 57-65; Lionel Curtis, *The Way to Peace* (London: Oxford University Press, 1944), 11-32; Lionel Curtis, *World War: Its Cause and Cure* (London: H. Milford-Oxford University Press, 1945), 167-172.

<sup>93</sup> Patrick Ransome, “Review of ‘Decision’,” *Federal Union News* 76 (8 November 1941): 4.

<sup>94</sup> Charles Kimber, “Review of ‘Faith and Works’,” *Federal Union News* 100 (June 1943): 12-13.

<sup>95</sup> “Mr. Curtis and Federal Union,” *Federal Union News* 103 (November 1943): 13.

<sup>96</sup> See e.g. Jose Harris *William Beveridge: A Biography* (Oxford: Clarendon Press, 1997), 355.

organisation's commitment to supranational planning<sup>97</sup>. Archival sources, however, shows that Sir William was deeply wary of economic integration: to him, transferring sovereignty to a federation in matters such as currency, trade, tariffs and migration would trigger "an immediate revolution towards federalism, far more drastic than anything proposed in the political sphere."<sup>98</sup> In February 1940 he also admonished Kimber that he would "find considerable division of opinion as to the extent of the economic powers that ought to go to the federation."<sup>99</sup> Overall, Beveridge was keen on the notion of economic planning: still, he preferred setting each state free to undertake economic experiments in accordance with its national values and without supranational supervision<sup>100</sup>.

Unlike Kimber and other unionists, he also came to believe that peace demanded "collaboration with all the United Nations" rather than a closer union between a few countries<sup>101</sup>. "The war" he confessed to Josephy in September 1944 "has led me to a rather different view about the place of Federal Union in World settlement"<sup>102</sup>:

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<sup>97</sup> William Beveridge, *Power and Influence* (London: Hodder and Stoughton, 1953), 266.

<sup>98</sup> William Beveridge, *Peace Aims. Comments on Memorandum Entitled 'European Order and World Order; What We Are Fighting For'*, 26 October 1939, 6, William Beveridge Papers, LSE, 9a/75. See also William Beveridge, "Note on Federal Union – Practical Problems," Appendix to *Peace Aims*, 26-30, William Beveridge Papers, LSE, 9a/75.

<sup>99</sup> Beveridge to Kimber, 19/2/ 1940, Federal Trust, LSE, B/1/1.

<sup>100</sup> As stated in William Beveridge, *Planning under Socialism* (London: Longmans, Green, and Co., 1936), 30-31, 134-136.

<sup>101</sup> See Henry C. Osborne, and Lancelot Hogben, "Beveridge Plan and F.U." *Federal Union News* 96 (February 1943): 14; Charles Kimber, "Work for All," *Federal Union News* 97 (March 1943): 1-2; William Beveridge "Common Ends," *Federal Union News* 98 (April 1943): 3.

<sup>102</sup> Beveridge to Josephy, 11/9/1944, William Beveridge Papers, LSE, 9B/31/24.

“regional federations”, he clarified, “are comparatively unimportant.”<sup>103</sup> Further disagreements between Beveridge and FU emerged from an interview given to *Federal News* two months later. Josephy reported Sir William told her “there was no need to wait for an international agreement to get full employment” and “in economics he doubted whether there was general need for a supra-national authority”. Actually, Britain needed “multi-lateral trading”, “regional agreements” or at least “bilateral bargains” to stabilise demand but all that could be achieved through intergovernmental methods. Living standards, he held, “could not be equalised. Any country could increase its standards by producing more.” Wide-ranging planning schemes were unlikely to work for the whole Europe<sup>104</sup>. When Beveridge’s long awaited *The Price of Peace* finally came out in 1945, F.U. members could hardly accept its main argument. Sir William maintained “that under the rule of law the economic relations of separate nations can rest on free contract between them and need not be subject of supranational control”, and that a mechanism for the “compulsory arbitration of all disputes” would do more to prevent future wars than European unity<sup>105</sup>. Little wonder that an anonymous reviewer on *Federal Union News* found the book’s conclusions “not so

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<sup>103</sup> Beveridge to Josephy, 13/9/1944, William Beveridge Papers, LSE, 7/63.

<sup>104</sup> Frances L. Josephy, “Planning or Employment – The Editor of ‘Federal News’ Interviews Sir William Beveridge,” *Federal News* 117 (November 1944): 8, 9.

<sup>105</sup> William Beveridge, *The Price of Peace* (London: Pilot Press, 1945), 68, 82.

convincing”: all considered, Beveridge’s views were much closer to Curtis’ than to any ‘Federation Plus’ blueprint<sup>106</sup>.

### **Federalism in disarray**

Labour’s landslide victory in 1945 may have opened a window of opportunity for left-wing federalists, who were by then in firm control of a much narrower but relatively homogeneous FU to leave a mark on their country’s foreign policy. Yet socialist leaders seemed to have lost enthusiasm for – and faith in – federal schemes. In November 1939, Clement Attlee famously stated that “in the common interest there must be the recognition of an international authority superior to the individual States and endowed not only with rights over them, but with power to make them effective, operating not only in the political, but in the economic sphere. Europe must federate or perish.”<sup>107</sup> A few months earlier, Ernest Bevin had unleashed an even bolder message: “National sovereignty has served a great purpose in the organisation of the world, acting as it has from a number of motives, but it must be accepted that the next stage of human development must be directed towards world order. Anything which stands in the way of achieving the consummation of that desirable end of which humanity is striving must

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<sup>106</sup> “None So Blind...,” *Federal Union News* 122 (April-May 1945): 4; William Beveridge, “Foreword” in Curtis, *World War: Its Cause and Cure*, v-ix.

<sup>107</sup> Clement Attlee, *Labour’s Peace Aims* (London: Labour Party, 1939), 13.

be subordinated to the greater purpose”<sup>108</sup>. However, both these men – later on to serve as Prime Minister and Foreign Secretary – wanted their names removed from FU notepaper in 1942, refusing to seek FU’s support in the by-elections<sup>109</sup>.

Attlee’s and Bevin’s decision to sever their ties with FU at the very moment the latter was setting forth a genuinely left-wing agenda is indicative of the organization’s mounting difficulties in reaching out to a distinguished audience. “We have to face the fact that practical people, and, still more, influential practical people will not associate with those who are likely to be labelled cranks” Wootton complained in her resignation letter from the FU National Council in May 1944. “That I, think, is one of the chief reasons why we have lost all the influential people who were inclined to cooperate with us at the beginning.”<sup>110</sup> But why were Federal unionists suffering from such a bad reputation by May 1944? In her memoirs, Wootton missed the opportunity to clarify her words<sup>111</sup>.

No conclusive evidence can be produced to demonstrate that supranational planning, and supranational planning alone, was crucial in alienating the nearly 11,000 card-carrying supporters who, having joined F.U. by mid-1940, were no longer

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<sup>108</sup> Ernest Bevin, *‘Forward Democracy’: Address by Ernest Bevin, General Secretary, Transport and General Workers’ Union, delivered at the Convocation of the Teachers’ College, Columbia University, New York, U.S.A., 15-17 August 1939* (London: Victoria House Printing, 1939), 14.

<sup>109</sup> See *Minutes of Meeting of Directors Held on Friday 4<sup>th</sup> November, 1942*, 1-4, Frances Josephy Papers, LSE, 1/8. No explanation was given for this request.

<sup>110</sup> Barbara Wootton, *Copy of a Letter to the Chairman of the Executive Committee from Mrs. Barbara Wootton*, 6 May 1944, 1, Federal Trust, LSE, B/4/8.

<sup>111</sup> See Barbara Wootton, *In a World I Never Made: Autobiographical Reflections* (London: G. Allen & Unwin, 1967), 97-99.

members in 1945. Nor should one easily assume that FU would have managed to win the approval of the British public, had it developed a different economic platform. Yet, there is room to argue that the collectivist offensive of 1940-41 contributed to damage rather than to strengthen the prospects of the federalist cause in Britain during the early post-war years. To begin with, FU became far less pluralistic, marginalizing prominent laissez-faire liberals and Atlanticists who may have broadened the appeal of a federal settlement, though along different lines<sup>112</sup>. Second, it widened the gulf between young activists and an older generation of internationalists – embodied by Curtis and Beveridge – who could have still weigh in and give exposure to federalist propaganda as they did in 1938-1940. Finally, it envisaged a future world order that rested upon two major premises: the continuation of the war alliance, centred on a lasting Soviet-American co-operation, and Britain’s willingness to lead Europe towards political unity surrendering much of its sovereign rights. Once decision-makers crushed their hopes, left-wing federalists found themselves in the political wilderness.

The economic debate with F.U., therefore, casts serious doubts on the way some Europeanist historians – upholding Spinelli’s claims about the coherence of British federalism – have tried to link the organization’s activities to post-war European integration. In the almost teleological accounts they have produced, a straight line runs

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<sup>112</sup> Somewhat ironically, it was a conservative – Sir Winston Churchill – who raised the banner of the United States of Europe in 1946 and helped to launch the heavily cross-partisan European Movement: see Geoffrey Best, *Churchill: A Study in Greatness* (London: Hambledon Continuum, 2006), 283-288.



from the ‘pioneers’ to the ECSC-EEC project, as if the latter vindicated the prescient insights of the former<sup>113</sup>. This self-congratulatory narrative is, at best, inaccurate, not only because it entirely overlooks the Cold War dimension of post-war European integration<sup>114</sup>, but also because it overestimates the consistency of the British federalist tradition. If we want to do justice to its depth and breath, we need to take its theoretical inner tensions seriously. And if we want to account for its limited achievements, factionalism cannot be left out of the picture.

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<sup>113</sup> See e.g. Mayne, Pinder, and Roberts, *Federal Union: The Pioneers*, 1-4; Bosco, *Federal Union e l’unione franco-britannica*, 429-435.

<sup>114</sup> See Klaus Schwabe, “The Cold War and European Integration, 1947-63,” *Diplomacy and Statecraft* 12, no. 4 (2001): 18-34; N. Piers Ludlow, “European Integration and the Cold War,” in *The Cambridge History of the Cold War*, ed. Melvyn P. Leffler and Odd Arne Westad (Cambridge-New York: Cambridge University Press, 2010), vol. II, 179-197.