

Treasonable Doubt: The Harry Dexter White Spy Case

Intelligence in Recent Public Literature

By R. Bruce Craig. Lawrence: University of Kansas Press, 2004. 422 pages.

Reviewed by James C. Van Hook

In his long-awaited book on Harry Dexter White, Bruce Craig, executive director of the National Coalition for the Promotion of History, hopes to “set the record straight regarding White's role and complicity in a Communist conspiracy” (5). Harry Dexter White was a longtime Treasury Department official and assistant secretary of the Treasury under Henry Morgenthau in 1945–46, who, along with John Maynard Keynes, was a principal architect of the Bretton Woods multilateral trading system. Confessed spies and FBI informants Whitaker Chambers and Elizabeth Bentley accused White of having been a Soviet “agent of influence” while in government. The declassified VENONA decrypts of Soviet diplomatic traffic during the 1940s appear to many to confirm such charges. Craig takes a different view. While not necessarily arguing White's innocence, the author suggests that the charges of White's detractors were misplaced. He argues that White represented no more than a “trusted individual” to the Soviets and that his actions can be explained by his belief in a Rooseveltian internationalism predicated on continued Soviet-American cooperation.

In *Treasonable Doubt*, Craig attempts to defend White by setting into context the three basic charges against him: that White on occasion

passed documents to the Soviets; that he used his influence at the Treasury to hire and promote communists; and that he deliberately attempted to steer US policies in a pro-Soviet direction. The author admits that White personally engaged in several inappropriate meetings with Soviet intelligence officials and concedes that papers produced by Chambers in 1948 showed that White had passed sensitive information to the Soviets on occasion. And he admits that White oversaw a monetary policy division at the Treasury Department full of communists and that a real Soviet intelligence ring, the “Silvermaster group,” operated practically under White's nose at the department. But Craig explains these actions by referring to White's anti-fascism and his commitment to a more cooperative postwar order.

When defending White against the charge that he actively sought to steer US policy in pro-Soviet directions, Craig ventures onto firmer ground. Most historians consider the Bretton Woods international trading regime to be White's greatest achievement. As a largely successful effort to restore free international trade to a central place in nurturing global prosperity, the Bretton Woods system entailed an implicit rejection of the nationalist economics that had dominated the interwar period. Seen in this light, it is difficult to understand how White's detractors could characterize Bretton Woods, a fundamental institution of liberal capitalism, as inherently pro-Soviet. As Craig argues, it may well be true that White wished to convince Moscow to participate in this system, but such liberal internationalism was anathema to the Stalinist Soviet Union.

The author holds that Treasury policies toward occupied Germany have been similarly misunderstood. White was accused of having manipulated Morgenthau into passing printing plates for Allied military marks to the Soviets who, thereupon, printed currency with abandon. Craig offers the perfectly plausible explanation that Treasury officials feared that denying Soviet use of the plates in their sector would needlessly endanger postwar cooperation.[1] White was also charged with heavily influencing the notorious “Morgenthau Plan” of September 1944, which proposed a de-industrialized, pastoralized Germany. Many historians have long assumed that the Morgenthau Plan advanced the interests of the Soviets. Craig argues that this plan was really Morgenthau's own and cannot be laid at White's feet. Moreover, the plan explicitly rejected reparations, which ran counter to stated Soviet demands on the German economy.

Finally, Craig absolves White from responsibility for the fall of China. His detractors claimed that White deliberately blocked loans to the anti-

communist Nationalist government at a time when the outcome of the Chinese civil war hung in the balance. The specific charge against White concerns his role in blocking a transfer of \$20 million in gold bullion to the Nationalist Chinese in late 1944. When placed in the overall context of the considerable foreign aid already given to the Nationalists since 1939, legitimate concerns over inefficiencies and corruption, and the likely inflationary effects of such aid, this charge collapses into insignificance.

Craig's effort to place White's career in context is certainly valid. As historians of the Cold War have long realized, one can explain developments in the early Cold War seemingly inimical to American interests—such as the division of Germany and the fall of China—without recourse to the simplistic charge of espionage. History is complex, and when history goes badly, it is not *ipso facto* the result of sabotage or betrayal. The problem with this approach, however, is that sometimes it runs up against contravening evidence. This is the problem Craig faces when discussing the VENONA decrypts and other data mined from recently opened Russian archives.

The VENONA intercepts contain damning evidence against White. At least two cables document inappropriate discussions of American foreign policy between White and his alleged Soviet case officer, Kol'tsov. Other cables refer ambiguously to White as an agent, ally, or dupe in the Treasury Department. Craig accepts the validity of the VENONA cables, but does not provide the reader with a convincing explanation of how the decrypts *do not* prove White's guilt or, alternatively, how they can be explained, as he does other matters, by setting them in context. One may argue over whether these cables offer unmistakable evidence of espionage, but they certainly amount to more than what Craig terms “hard, circumstantial evidence” of inappropriate contact (262). Although Craig's arguments about the importance of seeing the American policies with which White was involved in the context of the times are well taken, the VENONA decrypts require more of an explanation. Craig also does not adequately confront the most bizarre intercept available relating to White: the Soviet offer, made to White's wife through Nathan Silvermaster, to arrange help with their daughter's college tuition, described in a cable dated 20 November 1944.[2]

The nature of the book's organization makes it difficult to evaluate Craig's arguments fully. He has actually written two narrative accounts. The first two-thirds of the book contain an account of White's life and career in almost complete isolation from the charges of espionage. The final third

presents an equally isolated discussion of the allegations against him, as laid out principally in Whitaker Chambers' and Elizabeth Bentley's testimony to the FBI and in front of the House Un-American Activities Committee (HUAC). This side-by-side telling of White's story makes it difficult to follow Craig's objective of placing White's activities into their proper contexts. By not integrating White's two lives, the author's overall argument remains obscure. Rather than deconstructing the allegations against White, it might have been better simply to set the allegations aside for a moment and attempt to reconstruct, independently, White's relationship with communism and the Soviet Union.

Overall, Craig misses an opportunity to present in a more compelling fashion the popularity and legitimacy of the Soviet Union in the eyes of much of the European and American Left during the 1930s and 1940s. Tony Judt, for example, offered a path-breaking explanation of the French fellow-traveling Left of the 1940s by exploring the anxiety with which French intellectuals wished to side with the working class. David Engerman has provided an important portrait of, among others, *New York Times* reporter Walter Duranty, by placing his patently dishonest and pro-Soviet reportage in the context of the Left's commitment to strict economic and developmentalist planning during the 1930s.[3] Craig might have explained whether White's encounters with Soviet and American communists were indicative of an admiration for the supposed dynamism of Soviet-style planning, the loss of faith in capitalism so persuasive among intellectuals during the Great Depression, a belief in the historical inevitability of communism's fundamental goodness, or, finally, a fundamental and even willful obliviousness to Soviet atrocities.

Treasonable Doubt offers an important contribution to the often-polemical literature on the problem of Soviet espionage in the United States culminating in the McCarthy period. Despite the less than robust treatment of the VENONA material, a missed opportunity to paint a broader social picture, and the rather melodramatic representation that the FBI and HUAC unfairly persecuted White in the final years of his life, the author's otherwise even-handed treatment—which concedes some of the most damning charges; establishes exactly what White did; and explores his motives within the context of America's leftish New Deal milieu and the imperatives of alliance politics during World War II—is well founded and welcome.

[1]Indeed, this reviewer would add that the episode of Soviet abuse of the plates is barely noticed in the literature on postwar Germany written by economic historians, suggesting its insignificance.

[2]For the text of this cable, see Robert Louis Benson and Michael Warner, eds., *Venona: Soviet Espionage and the American Response 1939–1957*, (Washington, DC: National Security Agency/Central Intelligence Agency, 1996), 375–77. For a discussion of relevant KGB archival materials, see Christopher Andrew and Vasili Mitrokhin, *The Sword and the Shield: The Mitrokhin Archive and the Secret History of the KGB* (New York: Basic Books, 1999).

[3]See Tony Judt, *Past Imperfect: French Intellectuals, 1944–1956*, (Berkeley: University of California Press, 1992), and David C. Engerman, *Modernization from the Other Shore: American Intellectuals and the Romance of Russian Development* (Cambridge, MA: Harvard University Press, 2003).

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