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# RETHINKING EARLY COLD WAR UNITED STATES FOREIGN POLICY: THE ROAD TO MILITARISATION

Steffan Wyn-Jones

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I hereby declare that this thesis has not been and will not be, submitted in whole or in part to another University for the award of any other degree.

Signature:.....

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**Abbreviations**

AAF – Army Air Force

AFL – American Federation of Labor

AMP – Additional Military Production

ANMB – Army-Navy Munitions Board

BoB – Bureau of the Budget

CEA – Council of Economic Advisors

CENIS – Center for International Studies (at MIT)

CIA – Central Intelligence Agency

DoD – Department of Defence

ECA – Economic/European Cooperation Administration

ERP – European Recovery Program

FDR – President Franklin Delano Roosevelt

GATT – General Agreement on Trade and Tariffs

HS – Historical Sociology

HUAC – House Un-American Activities Committee

IBRD – International Bank for Reconstruction and Development

ICBM – Inter-Continental Ballistic Missile

IMP – Industrial Mobilization Plan

IPE – International Political Economy

IR – International Relations

ISAC – International Security Affairs Committee

ITO – International Trade Organization

JCS – Joint Chiefs of Staff

JSOC – Joint Special Operations Command

MAP – Military Assistance Program

MB – Munitions Board

MDAP – Mutual Defense Assistance Program

MIC – Military Industrial Complex

MSA – Mutual Security Agency

MSP – Mutual Security Program

NACA – National Advisory Committee for Aeronautics

NAS – National Academy of Sciences

NDAC – National Defense Advisory Commission

NDRC – National Defense and Research Committee

NIRA – National Industrial Recovery Act

NME – National Military Establishment

NRPB – National Resources Planning Board

NSC – National Security Council

NSC 68 – National Security Council Memorandum 68

NSF – National Science Foundation

NSRB – National Security Resources Board

NSS – National Security State

OD – Ordnance Department

ODM – Office of Defense Mobilization

ONR – Office of Naval Research

OPACS – Office of Price Administration and Civilian Supply

OPA – Office of Price Administration

OPM – Office of Production Management

OR – Operations Research



OSP – Offshore Procurement Program

OSRD – Office of Scientific Research and Development

PM – Political Marxism

PPS – Policy Planning Staff

R&D – Research and Design

RAND – Research and Design Corporation

SORO – Special Operations Research Organization

SPAB – Supply, Priorities and Allocations Board

SWPC – Smaller War Plants Corporation

UMT – Universal Military Training

US – United States of America

USSR – Union of Soviet Socialist Republics

WIB – War Industries Board

WRB – War Resources Board

WST – World Systems Theory

WWI – World War One

WWII – World War Two

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## ABSTRACT

This thesis rethinks the foundations of US foreign policy determination in the early Cold War period. In opposition to approaches in IR which privilege an 'external' realm of causation, it focuses on the domestic bases for foreign policy formation. Having started by reviewing historiographical debates on US foreign policy and US foreign economic policy, the thesis moves on to critique some of the existing ways the US foreign policy has been theorised in IR.

The thesis then develops a theoretical and conceptual stance, drawing on a range of different literatures. Within IR, it places itself within the tradition of Marxist Historical Sociology. At the level of macro-history, this places the reconstruction of US foreign policy within broader world historical process of the development of capitalism within the political form of the nation-state and state system, and ongoing spatialisation strategies that states form in order to manage capitalist spatial politics. This macro perspective is conjoined to a 'disjunctive' theory of the state, which is developed successively through different stages of analysis. The goal is to develop a political economy approach to the study of foreign policy formation and especially the conduct of warfare.

The next three chapters constitute an historical reconstruction of the path towards the Cold War militarisation of US foreign policy. The thesis begins by fleshing out some of the theoretical issues discussed earlier in relation to the specificity of US state development. It then shows how developments from the 19<sup>th</sup> century up to World War II were underpinned by societal conflicts which saw the rise of the New Deal as a challenger to the existing prerogatives of business in America. This challenge saw the development of state capacities to intervene in the economy, and set in place the possibilities of a welfare statist form of governance. However, the coming of WWII and the politics of economic mobilisation for the war changed the context within which these developments unfolded. An alliance of industrial and business interests during the war ensured that the New Deal state was converted into a powerful 'warfare' state.

The thesis then moves on to show how after the war, the world-historical moment of US hegemony had its counterpart on the domestic scene in the resurgence of conflict between nationalist and internationalist political and business interests in the US. The period between 1945 and 1950 is then re-read against the background of successive stages of development of this conflict as it affected the development of US policies towards the world. As the US tried to develop a coherent spatial strategy for reconstructing the global capitalist order, this domestic situation determined and shaped things in unexpected ways. Contrary to perspectives which isolate US plans for a multilateral trading order and the geopolitics of the Cold War, I show how the contradictions of the former largely created the latter. Much IR theory takes it for granted that it was Marshall Plan aid that did the work of reconstructing Europe after the war. However, I show that this assumption obscures the failure of the Marshall Plan, and its eventual replacement by forms of economic aid that were channelled through military spending.

These forms of aid required substantial military spending programs. Thus the price to be paid for the reconstruction of Europe after the war was the amplification of the World War II military-industrial alliance in the US. This then fed back into US domestic developments, as a powerful self-sustaining and expansionary element of the American political economy changed the institutional parameters under which war-preparations were formed. This altered the bases of US military strategy and overall foreign policy, a development which was starkly revealed in the conduct of the Vietnam War. The thesis concludes with some reflections on how its historical and theoretical approach has ramifications for how we think of US foreign policy in the 20<sup>th</sup> century.

## **Introduction and Plan of Work**

International Relations (IR) theory is beholden to a mythology, namely that of the pristine notion of ‘national security.’ This stems from the colonisation of the discipline by a mode of inquiry that draws its methods from a stereotyped vision of the natural sciences. This colonisation actually began to occur precisely during the time frame that this thesis mostly focuses on, namely from the 1950s to 1970s. Although it lies beyond the scope of this thesis to investigate, it is no accident that at precisely this time in the development of IR in the United States (US), it developed in a way that obfuscated the way national security doctrines and foreign policy orientations in the US were being developed. In a historical irony, IR hived itself off from Political Science as a discipline, and constituted an abstract notion of ‘international politics,’ as the social sources of foreign policy formation were making themselves more and more apparent in American life (cf. Guilhot, 2011).

As a result, uncovering these sources of US national security doctrines and foreign policy demands rejecting much of what has constituted IR theory over the last 50 years. In contrast to mainstream IR assumptions, this thesis assumes from the outset that there is no sound argument with which to ground a concept of ‘international politics,’ and that thus the story of foreign policy formation must be told from the ‘inside-out’ as it were. This runs against many treasured shibboleths in IR, and risks accusations of ‘reductionism’ and ‘empiricism.’ However, such an intellectual abdication of conceptual integrity is certainly not a goal of the thesis. Narrative descriptions and conceptual clarifications go hand-in-hand. What is rejected is the notion that theoretical and meta-theoretical deductions can substitute for historically-informed analysis.

In that respect, explaining geopolitical dynamics is still a goal of the thesis, and as such it speaks to IR. Nonetheless, the task of the thesis is to find how geopolitical dynamics are rooted in the evolution of the active praxis of human beings who struggle to create institutions as they relate to each other. This praxis cannot but begin at the most immanent level, with the institutions of power and domination that typically exist in modern societies – state institutions and those which wield substantial power to control resources and productive activities. What is at stake is the way that geopolitics is implicated in the basic processes of reproduction of modern state-society complexes. In the case of this thesis, this general statement is reduced to the historical development of

one such complex, namely the US. However, the world-historical significance of US development should hardly be at stake in the early 21<sup>st</sup> century, as the world has existed in the moment of the ‘American Century’<sup>1</sup> for some time now.

The structure of the thesis is as follows:

Chapter 1 locates the main research problem by analysing the bifurcation of two sets of literatures which attempt to explain the patterns of geopolitics since World War Two (WWII). These literatures, on foreign policy broadly, and foreign economic policy more narrowly, adopt the notion of the Cold War as an explanatory principle to derive US foreign policy formation. Hence the Cold War is seen as the over-arching patterning of global relations which drove the US to develop its orientation to the world. The chapter then discusses how Realist IR theory, whether deployed by IR scholars or historians, contains insuperable antinomies within it when it comes to explaining US foreign policy formation in this period. A Constructivist alternative is considered, and found to suffer from an over-arching principle of ‘identity formation’ that also falls short. Finally, recent work in Marxist IR is discussed, which makes some headway in breaking down the traditional ‘state-centric’ assumptions of IR, but which fails to break fully enough with such assumptions.

Chapter 2 deepens this critique by homing in on the assumptions of Structural Realism. It then turns to consider trends in IR which attempt to ‘bring history back in’ in order to rectify the defects of Structural Realist analysis. The theoretical framework which most explicitly informs the basis of this thesis in this respect is that of Historical Sociology in Marxism, and in particular the work of Political Marxists. For these theorists, Realism’s search for universal covering laws which explain all geopolitical patterns is to be rejected. In its place they put a historical sociology of geopolitical transformations, and their sources in contested strategies of spatial ordering founded on a process of ongoing development and resolution of socio-political conflicts. The chapter then introduces the work of a scholar who is close to this perspective, but draws on a different strand of Marxist IR theory. This examination introduces important elements of the historical work to come, but also highlights some weaknesses which the thesis seeks to rectify later on. We then proceed to develop theoretical tools which

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<sup>1</sup> This refers to Henry Luce’s well-known characterisation in Luce (1941).

inform the historical work in subsequent chapters. The end goal is to develop a notion of the ‘socio-technical underpinnings’ of the US conduct of war and foreign policy formation during the Cold War period. What this means will become clearer as the thesis progresses. However, as a brief definition we might say that socio-technical foundations are those relating to the way the US economy has been mobilised for warfare. The path towards developing this concept involves grappling with other issues – how to conceive of state-society relations, how to conceive of policy formation within the nexus of state-society relations, the strengths and weaknesses of sectoral theories of foreign policy formation, and theoretical issues of defence spending determination. These steps take us closer to developing a research program oriented around the idea of a ‘political economy of national security.’

Chapter 3 begins the historical reconstruction of the development of the socio-technical underpinnings of US warfare. This requires rethinking the way that the US state has often been conceived in liberal mythology as a ‘weak’ state, the epitome of a market-oriented society. Historical work shows that from the very beginning the federal government in the US has been a vital component of its capitalist development. Throughout the 19<sup>th</sup> century, links were forged between a powerful infrastructure of state institutions and capitalist class interests. As contradictions in American development reached critical levels, the early 20<sup>th</sup> century witnessed the rise of a governance project in the US which threatened corporate interests. These trends, represented in the ‘New Deal,’ were defining features of the interwar period, bringing diverse business interests together despite sectoral differences between them. The beginning of WWII decisively intervened in this trajectory of conflict, as relationships that had been formed between business and military institutions became vitally important in the context of war mobilisation. As the war progressed, a ‘military-industrial complex’ (MIC) formed, which would shift patterns of US governance in a different direction to before the war. The considerable state capacities that had built up during the New Deal ‘welfare state’ period were now colonised by military and business elites. This did not produce an overthrow of civilian government, as some feared – the basic mechanisms of American democracy remained intact. However, it laid the basis for important political and economic developments which would become apparent in the immediate post-war years.

Chapter 4 picks up chronologically from the previous chapter, but shift perspective to the place of the US in the broader global arena. As discussed in the first

chapter, two frameworks of global politics are often conceived in this period – the Cold War and the US-led global capitalist order. However, the tendency has been in IR (and much historical work) to conceive of these two frameworks of order either separately, or alternatively only insofar as they overlapped at the *international* level. In contrast, this chapter tells the story of the meshing of these two frameworks at the level of the US state-society complex. The ongoing contradictions involved in the creating a global trading order were instrumental in creating the very framework of Cold War order which is often taken for granted. In particular, the chapter exposes the myth that foreign economic aid was a successful tool of building a multilateral trading order in Europe – the myth the ‘the Marshall Plan saved Europe’ after the war. Instead, it is shown that purely economic devices were not enough to effect the US spatialisation strategy for rebuilding the global capitalist system after WWII by restoring its pre-war hub – Europe. Instead, intra-state conflict and domestic politics in the US laid the foundations for a solution that would have far-reaching and unintended consequences – the use of military spending programs to funnel huge sums of money into Europe. In this respect, the chapter draws on historical work which rethinks the founding document of the Cold War – National Security Council Memo 68 – from a political economy perspective. As such work shows, what many scholars assume was the ‘militarisation of the Cold War’ had its roots in US domestic politics and its spatialisation strategy for global capitalism.

Chapter 5 is formed of two distinct halves. The first half carries on where the previous chapter left off to show the actual institutional forms that military spending programs assumed to bring the US’s spatial strategy to fruition. Primary documentation is examined, which shows clearly that US planners conceived of military spending programs as tools with which to rebuild Europe economically. The effects of these programs also helped to solve early Cold War problems – such as absorbing intransigent states like France into US plans. The second half of the chapter shows how increased military spending budgets interacted with, and amplified, the governance trends of WWII. A nascent MIC became a fully fledged defence-industrial base, which gave the US a permanent arms industry for the first time in its history. This historic development created a dense set of institutions which were characterised by dynamics of reinforcement and expansion. Scientific and technical aspects of preparation for war and mobilisation of the economy became relatively autonomous. This distinctive matrix of interests affected the simple logic of national security formation that is assumed in most IR – namely that strategic doctrine and defence policy is primarily a function of rational

assessment of external 'threat.' Instead, following trends set in WWII, strategy and the conduct of war became crucially affected by the dynamics of the MIC itself. This occurred as the parameters of governance were shifted in favour of the Executive branch of government, which gained extraordinary leverage in prosecuting wars as the expense of Congressional oversight. In addition, the development of militarised civilian institutions which sprung out of the MIC formed an informal civil service that the Executive drew on to formulate strategy. In this way, the singular logic of the MIC came to constitute the American mode of fighting foreign wars. This logic reached its apotheosis in the Vietnam War, which evidences perfectly the way that the MIC had reorganised the conduct of war. For Realist IR theory, the Vietnam War was an 'irrationalism.' However, once we examine the roots of the conduct of the war, the irrational becomes explicable as part of the distinct rationality of the MIC and US political system.



## **Chapter 1: Review of Literature on the Determinants of US Foreign Policy in the Cold War**

This chapter reviews various ways of attempting to understand US foreign policy determination in the Cold War. It begins by outlining the contours of the historiographical debate on the Cold War itself, before introducing the debate on how foreign economic policy in the US was formed. The purpose of covering both these sets of literature is to give a sense of how they assume the separation of the Cold War and US plans for a post-war global economic order. We then move on to discuss three main theoretical attempts in IR to explain US policies during this period – Realism, Constructivism, and Marxist IR. While the sequence reflects increasing historical sophistication on the part of the theoretical perspectives covered, each is found to be problematic and deficient.

### **The historiography of the Cold War and US foreign policy**

US history in the early Cold War period is inextricably bound up with the development of a National Security State (NSS). The long-term development of this phenomenon has been the subject of great scholarly debate, especially in the US itself. This reflects what for many Americans is a paradox – namely that a country which was founded on anti-statist principles should develop such a phenomenon. While it could be said in the abstract that any nation has a concern with ‘national security’ in some sense, the extent to which the experience of the US in the early Cold War period was defined by national security becoming an overwhelming concern is indubitable. The purpose of this section is to review the historiographical debate concerning the sources of the NSS.

The standard self-image of the development of the NSS amongst its architects ran roughly as follows. The mobilisation for WWII put the nation on a war footing out of necessity, a necessity which was forced upon the nation due to Pearl Harbour. After the war, demobilisation occurred and the transition to a peacetime economy proceeded, only to be reversed as the late-1940s progressed by the rise of tensions between the US and USSR. These tensions existed long before WWII, but the war had thrown the two nations together as reluctant bedfellows against the Axis powers. However, by 1947, it was clear that the ideological, political and economic differences between the two powers were simply too great. The US had to give up its plans for post-war cooperation

with the USSR, and adopt a policy known as ‘containment’ to deal with its threat, which led to the build up of the NSS. Creating the NSS involved far-reaching changes in both foreign and domestic policies. Both at home and abroad, militaristic trends became more prevalent in the US than they had ever done during any previous period of peacetime. This entailed substantial expenditures on the military and defence, which in turn changed the fabric of the nation’s polity, economy, culture, and science.

This self-image underpinned the first historiographical forays into explaining the rise of the NSS. Initially, the historians who wrote on the development of US policy in the early Cold War either relied on policy makers’ assessments of events, or were policy makers-cum-historians themselves (Feis, 1957, 1970; Truman, 1955; Halle, 1955, 1959; Kennan, 1951; Morgenthau, 1952, 1970; Nitze, 1956, 1989; Acheson, 1969; Bohlen, 1973). These ‘Orthodox’ scholars contended that the primary blame for the Cold War lay with the USSR, and that US actions had been a defensive reaction against an aggressive expansionist power. Thus the NSS was also the necessary result of a reaction to the policies of the USSR. As one of these historians wrote, the over-riding US concern was to ensure ‘freedom from Communist aggression’ (Schlesinger Jr., 1967).

From the 1960s onwards, a historiographical counter-tendency developed within US academia which challenged the Orthodox approach. Spurred on by the pioneering work of William Appleman Williams (1959), scholars in this tradition built up an influential ‘Revisionist’ perspective which sought the roots of the development of the Cold War in US attempts to repair and restructure global capitalism after WWII (LaFeber, 1997; Kolko, 1968; Kolko and Kolko, 1972; Alperovitz, 1965; Gardner, 1970; Clemens, 1970; Freeland, 1972; Fleming, 1961). The emphasis here was on the long-term cultivation by the US of foreign markets for its goods since the late-19<sup>th</sup> century. This deep tendency in US capitalism translated into an expansionary dynamic which sought an ‘Open Door’ for US goods, leading to the development of internationally-oriented elites in US society. Through the interwar years, these elites were frustrated in their internationalist ambitions by various domestic constraints (Gardner, 1964), but at the end of WWII they found themselves in the position to shape the world in their preferred image (Shoup and Minter, 2004 (1977); Kolko, *op cit*; Kolko and Kolko, *op cit*; McCormick, 1989). Thus rather than locate the primary causes of the Cold War in Soviet belligerence, Revisionists emphasised the domestic sources of US foreign policy in this period, and linked these to the prevailing class structure and distribution of power in US society.

The title of Williams' book introduced the notion that US policy had been a 'tragedy.' This echoed the Revisionist sentiment that whatever aggressions developed during the Cold War were primarily unnecessary bi-products of US policy. As Gardner put it, the US held 'responsibility for the way in which the Cold War developed,' because its overwhelming power allowed it to 'influence the course of events' (Gardner, 1970, 317). For Fleming, US policy had 'been unnecessary and dangerous ... a great deal of it has been based on false precepts and information' (Fleming, 1961, xiii). A common theme was that Roosevelt's wartime administration had been more accommodating to the USSR, and his death allowed the anti-Soviet elements of the Democratic Party to dominate the Truman administration (Theoharis, 1972; cf. Miscamble, 2007).

The historiographical debate between Orthodox and Revisionist historians was fierce, and did much to shape the American historical discipline itself (Novick, 1988, 415-468). The Revisionists challenged widely held and cherished beliefs about American policy during the Cold War. They argued that the genuinely expansionary power was the US itself, an assertion which gained currency more and more during the 1960s as the US became involved in the Indochina Wars. These wars raged abroad as the historical war raged in the academy. A seminal article by Arthur Schlesinger Jr., in *Foreign Affairs* in 1967 fought back against Revisionists, and received widespread support from many Orthodox historians, but was answered in kind by Williams himself, who doubted the emphasis Schlesinger put on Stalin's 'paranoia' as the fundamental determinant of the Cold War (Williams, 1967).

In 1972, John Lewis Gaddis entered the fray, developing a position that came to be known as 'Post-Revisionist.' This label indicated that Gaddis intended to develop a synthesis of the Orthodox/Revisionist divide. In this important work, he accepted the idea that economic issues were important for US planners, and that the US should not be viewed as acting in a primarily 'defensive' fashion. The criticisms he levelled of US policy and conduct in the early Cold War brought him very close to the Revisionists (Kimball, 1974). However, Gaddis also departed from Revisionism in important respects, stressing that he disagreed with what he saw as the economic determinism of the approach. Importantly, when it came to the Cold War, Gaddis upheld the Orthodox notion of Stalin's megalomaniacal and unreasonable behaviour being the primary cause (Gaddis, 1972, 23, 21, 61, 313, 360-1). Thus even if US planners had their own motives and plans, and the Orthodox account of these was guilty of idealism and hagiography,

nonetheless the primary determinant of the Cold War was the USSR. By proxy, the US security stance during the Cold War was primarily a reaction to the Soviets.

The early 1970s saw a number of critiques of the Revisionist position, in addition to Gaddis's text (Tucker, 1971; Maddox, 1973). The charge of 'economic determinism' was made constantly, even by those who were inclined to accept that economic factors played a role in shaping foreign policy formation. Post-Revisionist works developed apace, and by the start of the 1980s, a number of monographs identified broadly with the new trend. As Gaddis looked back in 1983 on the paradigm, he identified four main points that Post-Revisionism had emphasised: That policymakers employed economic tools, but did so to pursue political and security ends (cf. Pollard, 1985); that these economic tools did not produce much in the way of economic gain (cf. Ninkovich, 1982); that the US leaders did sometimes exaggerate the Soviet threat to achieve these goals; and that although the US did have an 'empire' of sorts, it was an 'empire by invitation,' with a large proportion of consent amongst its (mainly European) vassals (Lundestad, 1986; Paterson, 1988; Maier, 1989).

The emphasis put by Post-Revisionist scholars on how economic tools were used to pursue political ends translated into a concern with the way in which the security of the US had been conceived by the architects of its policies. This led to attention to the question of 'national security' formation, which offered a way in which Orthodox and Revisionist themes could be married, while maintaining the overall justification for US policies in the Cold War. In keeping with the general trend of Post-Revisionism, organising historical material around the analytic of 'national security' was meant to resolve the Orthodox-Revisionist divide into an objective synthesis.

The scholarly interrogation of the determinants of 'national security' policy in the US had precursors from the early days of the Cold War (Wolfers, 1952; Bock & Berkowitz, 1966). However, the 1970s and 1980s saw the concept of 'national security' as an organising principle take hold of the historical profession in the US, with a substantial number of works adopting this motif to understand Cold War history (Yergin, 1977; Sherry, 1977; Kuniholm, 1979; Lundestad, 1980; Gaddis, 1982). Yergin's *Shattered Peace* argued that the concept developed as an important principle in US politics during WWII, as US officials sought some kind of theoretical device they could use to conduct foreign policy. The utility of this concept was that it gave all Americans (not just elite planners), a way of making sense of their relationship to the

world, providing a coherent identity which could provide political purpose and direction.

Yergin's definition of a 'doctrine of national security' argued that it 'postulates the interrelatedness of ... political, economic, and military factors [such that] the range of threats becomes limitless.' Additionally, 'the doctrine is characterise by expansiveness, a tendency to push subjective boundaries of security outward into more and more areas, to encompass more and more geography and more and more problems' (1977, 196). Yergin highlighted four developments which fuelled the doctrine – a bipolar world, totalitarianism in the USSR, a credibility problem for the US, and technological advancements in military warfare which increased a sense of vulnerability (ibid, 200). Thus although Yergin's account steered clear of taking an overt stance in the Orthodox/Revisionist divide, he nonetheless emphasised Orthodox themes. However, his focus on technological development and the way this interacted with US insecurities lent his account a more techno-determinist bent, as the new era of powerful conventional and atomic weapons was bound to prompt an overwhelming concern with security.

By the beginning of the 1980s, the idea of a 'national security thesis' had become dominant in Cold War historiography. Gaddis's 1982 *Strategies of Containment* cemented this trend (Gaddis, 2005 (1982)), developing the rudiments of a theoretical approach. For Gaddis, the creation of a national security strategy was a 'process by which ends are related to means, intentions to capabilities, objectives to resources' (ibid, viii). This formulation immediately called into question the way that this process was grounded in the prevailing state institutions, and the criteria that were deployed to e.g. relate means to ends. During the 1980s, Melvyn Leffler developed what has become arguably the definitive account of the national security thesis, and perhaps the most widely accepted account of the early Cold War itself. Leffler's work (1984, 1990, 1992) connected the national security process to the protection of 'core domestic values.' Thus by this time Leffler had arguably surpassed Gaddis in the quest for a synthesis between Orthodox and Revisionist account. The concept of national security would provide a way to articulate political economy and foreign policy formation in a way that did justice to both. For Leffler,

'national security policy encompasses the decisions and action deemed imperative to protect core domestic values from external threats ... [core values]

are the objectives that merge ideological precepts and cultural symbols like democracy, self-determination, and race consciousness with concrete interests like access to markets and materials and defense of territory; core values are the interests that are pursued notwithstanding the costs incurred; core values are goals worth fighting for' (Leffler, 1990, 126-7).

The Revisionist claim that US foreign policy had been mainly concerned with protecting the domestic political economy was married to the concern with threats to US security stemming from the international environment. Leffler's definition rejects the idea that one must make a choice between political economy and security, internal or external forces, and 'underscores the relation of the international environment to the internal situation in the United States' (2004, 123). While accepting that primary source documents show clear economic motives on the part of US planners, Leffler 'accentuates the importance of people's ideas and perceptions in constructing the nature of external dangers' (ibid). The intention here is similar to Gaddis's in his famous 1983 essay, - to accept that economic motives were always present in the language in which US planners expressed themselves, but to insist that political and strategic concerns provided the overall context within which policy was formed.

Thus the Post-Revisionist perspective is susceptible to the charge that overall, it represents a kind of 'Orthodoxy-plus,' with economic motives acknowledged, but always subsumed within an overarching narrative of security concerns. In fact, Wolfers (1952) had already pointed out the ambiguity of the notion of 'national security' as a way of organising an inquiry into the formation of US foreign policy. Thirty years later, Lloyd Gardner responded to Gaddis's pronouncement of the hegemony of post-Revisionism and the national security paradigm by cautioning that the notion of national security potentially encompassed everything (Gardner, 1983, 191). In failing to prioritise which 'threats' were primary in the analyses of policymakers, the paradigm effectively loosened empirical constraints such that a vast array of determinations became potentially important.

Methodologically, the idea of national security construction in Gaddis and Leffler's sense is problematic. No doubt some balance must be struck between domestic and foreign factors in any analysis of national security formation, but by insisting that domestic and foreign concerns complemented each other, the Post-Revisionist national security paradigm creates a false sense of equivalence between Orthodoxy and

Revisionism. The idea that Revisionist emphasis on the economic motives of foreign policy makers can be subsumed within the national security thesis relies on the idea that economic motives, where clearly expressed by policymakers, are always a function of a broader and nebulous logic of national security. This logic can be expanded to include infinitely many phenomena, thus rendering it immune to critique. In effecting a synthesis of Orthodox and Revisionist, Post-Revisionism runs the danger of simply nullifying the question of what the most important determinants were of policy making at any given time.

The greater problem is that reinterpreting policymakers' ideas through the lens of national security tends towards seeing policymakers as affected by internal and external (or domestic/international) factors *to the same degree*. However, different policymakers had different backgrounds, occupied different places in the state institutions, were affected to greater or lesser extents by pressure groups, or Congress, the Senate, and so on. Ideas, strategies and policy currents were not formed in the ambiguous arena of national security, but in more immediate contexts. Where the national security thesis presumes that core values can act as a foundation from which to derive policymaking preferences, the evident differences between policymakers' preferences speaks to both the differing ways in which these values were perceived, and even to the ways in which differing core values existed from the very beginning amongst some policymakers. Thus the bedrock of the national security thesis – core values – is itself suspect, since it sees harmony and unity of purpose where none can be presumed.

This becomes clearer when we consider the scholarship studying the institutions of the NSS itself. Since the National Security Act of 1947, - which created the Central Intelligence Agency (CIA), Joint Chiefs of Staff (JCS), and the National Security Council (NSC), - studies of the institutions created have stressed their early developmental struggles. While the early official history of the CIA (Darling, 1990) gave the impression that it was the brainchild of one person – William Donovan, recent scholarship has shown it to be the product of a great many individuals and agencies (Rudgers, 2000; Weiner, 2007). Far from producing a coherent and harmonious account of national security needs, the CIA was, from the beginning, dysfunctional due to bureaucratic infighting (Zegart, 1999). The influences of British intelligence services, Congressional oversight, and entanglement in domestic politics, all produced an agency which lacked a unified plan or purpose. As one recent study has made clear, this led to

the CIA's early covert operations being somewhat chaotic and of dubious utility to the executive (Jane-Corke, 2007), only growing over time to be a reliable force in the prosecution of US foreign policies (Blum, 1995; Prados, 2006).

Even the foreign policy goal that the historiography of the national security paradigm elevates above all others, - namely that of 'containment' - was far from the coherent binding ideal that the paradigm presents it as. Usually associated with George Kennan, who penned 'the long telegram' of February 1946, the doctrine of containment is intimately bound up with the process of interpretation which occurred of Kennan's writings. As the US chargé d'affaires in Moscow, Kennan wrote the telegram in response to Truman's request for information on Soviet intentions. The telegram has been held to be important for the formation of US policy, because it 'provided a unifying theme to US foreign policy' (Leffler, 1992, 108).

This theme involved the postulation that the USSR was a totalitarian nation, determined to expand its power and influence. Furthermore, due to the Marxist-Leninist ideology and anti-Western sentiments of its leaders, it should not be seen as a normal great power and could not be counted on to be rational. Negotiation and compromise were thus impossible. However, Kennan also argued that the post-WWII USSR was relatively weak compared to the US, and that while the USSR would push for expansionary gains, it would do so cautiously unless it was believed that the West would not react. Since this was the case, Kennan claimed that if the US showed strength in the face of Soviet attempts to expand, then the USSR would back down, and that over time it would collapse because of its flawed communist system. Hence the notion of 'containment' - namely the idea that the US should watch for Soviet efforts to break the status quo, repel them, and thus force a stalemate (Kennan, 1946).

The policy of containment was accepted and endorsed by Orthodox scholars as the driving principle behind early Cold War US foreign policy (Nitze, 1956; Feis, 1970). However, over time Kennan's analysis came under scrutiny. Some scholars charged that Kennan had overplayed the extent to which the USSR was an 'abnormal' Great Power, driven by fanatical ideology (Yergin, 1977; Stephanson, 1989), and found the principle of non-negotiation that Kennan developed counter-productive (Logevall, 2004). More importantly, there is doubt that Kennan's ideas were so influential as to merit such attention. Placing so much emphasis on his formulations obscures the way that his ideas had to be interpreted by others, opening up the possibility that they were used for motives other than he intended. Kennan himself certainly felt this way, arguing



in his later life that administration officials had over-emphasised the idea of military containment whilst ignoring his arguments about Soviet weakness (Kennan, 1967).

Even Gaddis was forced to conclude that ‘containment has been the product, not so much of what the Russians have done, or of what has happened elsewhere in the world, but of internal forces operating within the United States’ (Gaddis, 1982, 357). This rather revealing statement brings out the problem of the national security thesis starkly – the need to situate threat assessments in domestic political dynamics. Hence the image given of a set of recognisable external threats existing, which Kennan heroically recognised and brought attention to, does not do justice to the process by which containment policy was formed. It is more likely that after the Cold War had solidified in the early 1950s, the policy was read backwards as if it had been settled earlier than supposed. Gaddis himself, along with Ninkovich (1994), accepts that the Korean War (beginning in 1950) was rather more important in determining the shape of US policy than Kennan’s concepts.

To sum up, then, the Post-Revisionist synthesis leaves much of the dispute between Orthodoxy and Revisionism intact. In some sense, the question of ‘blame’ can indeed be apportioned to both US and USSR. However, this is a deeply impoverished part of the debate, and ultimately an uninteresting issue. Of more importance is the attempt to find out how exactly questions of political economy and security interacted, and whether the relationship between them can be specified in such a way as to locate primary determinations. This may run counter to the historical profession’s emphasis on multi-causal analysis, but causes are not born equal – some matter more than others. In this respect, the question of how the NSS and national security policy came about still demands that we make choices about how to tell the story of their creation.

The development of historiographical debate on the Cold War after its ending demonstrates the problematic idea that Post-Revisionism ever displaced the Orthodox-Revisionist divide. Far from leaving the question of ‘blame’ behind, the decade of the 1990s saw Gaddis claim that the opening of the Soviet archives disproved the Revisionist position (1994), and that Stalin’s personality and the legitimacy of the Soviet leadership were where the answers lay in deciding how to approach the early Cold War. This position was made explicit in Gaddis’s *We Now Know: Rethinking Cold War History* (1997). Gaddis’s decision that Stalin’s USSR was to blame for the Cold War had its corollary in his appreciation of Truman’s administration as essentially Realist, as opposed to Idealist as Revisionists were charged with portraying it (Gaddis

1997). Through the 1990s, Truman's policies were reinterpreted as being more and more realist, especially in contrast to Roosevelt's supposed idealism (Kissinger, 1994). Even Truman's economic policies were recast as realist and pragmatic, since he was held to have let go of his universalist belief in free trade in the face of security challenges (Zeiler, 1999). This reversal of how to view the two Presidents was, of course, dependent on whether one thought that FDR's co-operative policy with the USSR represented Idealism or Realism.

However, by the turn of the millennium, the historiographical tide had turned once again. As Westad has noted, this period saw a turn to US 'ideology,' a natural evolution from the previous decade which had placed so much emphasis on Soviet ideology (Westad, 2000, 554). The focus of many of these new histories was on what US leaders believed about themselves and their place in the world. As Anders Stephanson had pointed out earlier, the US was home to a 'particular (and particularly powerful) nationalism constituting itself not only as prophetic but universal' (Stephanson, 1995, xiii). Arnold Offner agreed, seeing Truman's worldview as 'parochial and nationalistic,' with 'an uncritical belief in the superiority of American values and political-economic interests,' which left him blind to cultural differences and unable 'to comprehend Asian politics and nationalism' (2002, xii). Offner's analysis relied on a rising tide of scholarship on Cold War Asia which was often critical of US policies towards the region, seeing them as rooted in cultural stereotyping and ignorance (Cumings, 1981, 1990). The overall picture Offner painted harkened back to Revisionist themes that the Cold War was avoidable, and that Truman's policies had been unnecessarily rigid and hostile.

Offner's charges had their counterpoint of course, both in terms of defences of Truman (Spalding, 2006), and comparisons with Stalin and the USSR. Even if Truman was as Offner depicted him, Stalin was shown to be 'given to illusions and wishful thinking to an extraordinary degree' (Mastny, 1996, 193) which confused Truman because his own ideological approach to foreign policy could not account for Stalin's psychology and style of leadership (Stephanson, 2001). Still, as the 2000s wore on, historians were coming to the conclusion that the style of both leaders involved universalistic elements. According to Vladislav Zubok, the US 'ideology of political freedom and market capitalism was every bit as global and messianic as Soviet Communist ideology' (Zubok, 2007, 343). Most importantly, Zubok noted that the war

between them was over who had ‘the best way to modernize and globalize the world, not between friends and foes of modernization and globalization’ (ibid).

This echoed points made by Odd Arne Westad the same year (2007). Both the US and USSR were dominated by universalist and internationalist ideologies, ‘locked in conflict over the very European concept of modernity’ (ibid, 4) and these ideologies co-existed uneasily in an environment of European powers who still cleaved to notions of state sovereignty (ibid, 58). This perspective, calling for examining the Cold War via the lens of strategies of ‘modernisation,’ has found support in recent scholarship (Engerman, 2003; Adas, 2006; Latham, 2011; Ekbladh, 2010). Linked to this has been an acceptance that the US has sought to ‘Americanise’ the world. Claims of a ‘defensive’ stance during the Cold War notwithstanding, one would be hard pushed to see the last half century as not involving the ‘global dominance’ of the US in an economic, political, and cultural sense (Hunt, 2007). In the words of China scholar Jamie Peck, the US has evinced a ‘visionary globalism ... an American-centric state globalism [that used] capitalism as a key to its global reach’ (Peck, 2006, 19, 21). In Hixson’s (2008) view, the Cold War was simply a segment of a broader history, which involved more than just the pursuing of an ‘Open Door,’ it involved total dominion.

This brings us full circle to the question of how the US strategy of ‘modernising’ and ‘Americanising’ the world came to be. In this respect, there has been a revival of interest in themes that Revisionists first emphasised half a century ago. If the opening of the Soviet archives brought a deluge of works claiming that Stalin was the blame for the Cold War, the inescapable power of the contemporary US has made it hard to sustain the notion of a nation on the ‘defensive’ since WWII. As the end of the Cold War receded into the rear view mirror, it became clear that understanding the ‘unipolar’ moment in global affairs for the last quarter century involved seeing the Cold War as part of a broader and deeper set of trends in world history. The clear and obvious continuities in US policy post-Cold War and the ongoing project of *Pax Americana* have meant that it has become easier for those who argue that US foreign policy was fundamentally derived from its own political and economic makeup, and not the USSR (Palan, 1998). Even some scholars who accept a broadly Realist view of international relations have given pride of place to the ‘Open Door’ interests that Williams identified in 1959, charging that Soviet foreign policy was neither expansionist nor aggressive, and that the fundamental Cold War dynamic was always the US attempt to structure global capitalism with its own interests at heart (Layne, 2006).

In conclusion then, despite the prevalence of the ‘national security thesis’ in the historiography of the Cold War, and the opening of the Soviet archives, recent scholarship has seen a number of important trends. The post-Cold War ‘unipolar’ moment has refocused scholarship on the sources of American power in the 20<sup>th</sup> century, and has prompted a renewed concern with some of the themes that Revisionists stressed – the development of a US-led global capitalist order. A corollary to this has been the way that some scholars have begun to recast the Cold War in terms of ‘modernisation,’ and the different paths to ‘modern society’ that states forged. As well as producing a rich literature on how Third World countries dealt with the challenge of ‘modernisation’ within the Cold War context, this turn has also begun to assess the sources of programs of modernisation that the superpowers themselves developed.

### **The Historiography of the Cold War and US Foreign Economic Policy**

The historiography of US foreign economic policy in the early Cold War forms a subset of the wider Cold War literature. However, despite this overlap, the specialisation of the discipline of economic history, along with the creation of the discipline of IPE within IR, justifies its treatment as a distinct subset. Of course, this does not negate the fact that the basic contours of the debates are similar to those in the wider Cold War literature and diplomatic history proper. In other words, the study of foreign economic policy still centres on questions of whether it is defined in terms of economic, political, or geopolitical goals, and whether the primary context shaping it is domestic or international.

Needless to say, the focus on both domestic and economic factors stemmed from the New Left Revisionist historians already discussed. Implicit in the Williams ‘Open Door’ thesis was the idea that diplomatic policy was essentially foreign economic policy through and through, and that this policy had its origin in the domestic structure of US society, and powerful interests that sought US imperial domination of the world. The work of Joyce and Gabriel Kolko extended this perspective to read the US government as essentially subservient to big business interests, leading to a carefully designed expansionary foreign policy. Anticipating Leffler’s notion of ‘core values,’ the Kolkos averred in 1972 that the goal of US foreign policy was

‘to restructure the world so that American business could trade, operate, and profit without restrictions everywhere. On this there was absolute unanimity among the American leaders, and it was around this core that they elaborated their policies and programs’ (Kolko and Kolko, 1972, 2)

The development of Post-Revisionism through the 1970s and 80s tended to react to such radicalism. Despite this trend, this period also saw the rise of the ‘Corporatist’ approach, associated with the pioneering work of Michael Hogan. Hogan was dissatisfied with the notion that economic and geopolitical interests should be separated, and concomitantly that domestic politics and international relations were different ‘spheres.’

Hogan’s Corporatist approach involves taking account of a broad range of social forces, including state and non-state forces. Drawing on Ellis Hawley’s idea that the US was an ‘associative state’ (Hawley, 1974), Hogan saw private and public interests as blurred, with policymaking clusters connected to both (Hogan, 2004, 137-139). The approach was thus clearly designed to transcend the Orthodox/Revisionist divide, but with the important caveat that Hogan gave primacy to domestic economic actors (*ibid*, 148), marking the approach out as different from the tendency in much Post-Revisionist work of the time. Although Hogan wanted to ‘deal with the connections between state and society and between national systems and foreign policy’ (*ibid*), it was clear that non-state forces should be fore-grounded in the analysis, rather than as mere contexts for state-elites. The distinction of the approach from Post-Revisionism can be appreciated all the more since the dean of the latter charged that the Corporatist approach ‘ignores almost entirely the geo-political dimension of American foreign policy’ (Gaddis, 1986, 360). Indeed, the only other major account of the development of US foreign economic policy in this period is Robert Pollard’s (1985) which emphasises geopolitical dynamics more than Hogan. Thus Corporatism and Post-Revisionism appear as the main two divides in the contemporary historiographical debate, with less separating the positions than between Orthodoxy and Revisionism.

Analysis of US foreign economic policy typically holds that the end of WWII marks the dawn of a new era. The ascension of President Truman to office just before the end of the war was accompanied by the view that pre-war policies had to be abandoned in favour of a wholly new framework, one which would prevent a return to the inter-war years of depression and economic conflict. Truman’s initial economic

program had fiscal stringency as its centrepiece. His administration's commitment to balancing the budget was presented as affirming 'America's historic identity as a nation of righteous and self-reliant producers' (Hogan, 1998). Truman also had a strong interventionist social program planned, combining 'fiscal orthodoxy with social justice' (Woods, 1990, 263), which entailed reducing military spending in favour of spending of social welfare programs. Coupled to these domestic policies was a strong element of internationalism. As Truman recognised in 1947, the US was 'the giant of the economic world ... whether we like it or not, the future pattern of economic relations depends on us' (quoted in Eckes, 1975, 212). This led to economic policy taking centre stage in foreign relations. Indeed, as Pollard and Wells argue 'economic policy was the main instrument of US foreign policy before the Korean War' (Pollard & Wells, 1984, 366).

However, the end of WWII also saw a challenge to Truman's internationalism that heralded an important trend in US politics, even though the challenge came while Truman himself was still Vice-President. The US Mutual Aid program during the war, better known as 'Lend-Lease,' had delivered billions of dollars to over 30 states since 1941. From the beginning, the program had been couched in terms of increasing the defence of the US itself, since aid programs abroad faced stiff Congressional and public opposition. Congress in particular was adamant that the program would end in 1945 when it was scheduled to, so the Truman administration's attempts to renew the program met with hostility. This led to an amendment (the 'Taft Amendment') to the bill calling for renewal, which represented Republican Party interests, and ensured that Lend-Lease could not be used for reconstruction purposes after the war. Truman eventually used his veto power as Vice President and chair of the Senate to pass the bill minus the amendment, but it was well understood that Congress would not tolerate the use of Lend-Lease funds after the war to aid allied recovery. Once Japan surrendered in August of 1945, the program was terminated (Woods, 1990).

This episode set in motion a pattern of conflict between the Executive branch and Congress which continued through the second half of the decade of the 1940s. Truman was described as 'stumbl[ing] through Lend-Lease policy from April to December' (Dougherty, 1978, 204), forced into taking Congressional opinion seriously, and eventually heeding it despite his wishes otherwise. The termination of the program had ramifications for both US-USSR relations and Anglo-US relations. On the one hand, some US diplomats had wanted to use Lend-Lease to influence the USSR after the war, but this tool was removed by Congress's firm stance. On the other hand, British

politicians recognised that their country was in dire financial straits towards the end of the war, and pleaded with US officials to continue the aid (ibid). In both cases, the difficulties in using foreign aid to achieve what would later become important Cold War goals, were a harbinger of contradictions that would plague the administration.

This speaks to the way in which the foreign economic policy of the US during the early Cold War period was formed in relation to two distinct frameworks. One was the framework for post-war order that US planners had been developing during the war, based on a vision of economic liberalisation and managed global capitalism, that would create a ‘multilateral economic order jointly managed through new institutional mechanisms’ (Ikenberry, 2001, 163). The other framework was the developing Cold War geopolitical order, which had its roots in the way that the military resolution of WWII left a novel constellation of forces across the heartland of Europe. These two frameworks would eventually come to co-exist, and be seen in hindsight as complementary, perhaps even a singular framework of post-war order. However, Ikenberry avers, ‘they had distinct origins and logics’ (ibid, 165). How the two frameworks meshed, and how the contradictions between them played out, demands close attention to the period from middle of WWII, to the Korean War.

The prominence during wartime of the ‘multilateralist’ policy current in US politics was closely associated with the Roosevelt administration. The interwar interest across Europe and the US in ‘planning’ had inculcated a belief that state institutions could provide greater and more stable economic growth than an unfettered market system (Judt, 2005, 69). In the US case, this took on a more global aspect as the disparities between the US and the rest of the world became apparent during the war. A range of policymakers came to prominence on the back of a millenarian vision for reconstructing the world in the image of their own multilateral convictions (as Chapter 4 discusses).

Planning the new world order primarily involved Anglo-American relations, and secondarily Euro-American relations. As a number of studies make clear, a major problem for US planners was the contradiction between US multilateralism and British commitment to maintaining its imperial trade network (Gardner, 1969; Zeiler, 1999). The ratification of the Bretton Woods agreement took place against the background of an Anglo-American loan agreement in 1945, which demonstrates the contradiction. The loan negotiations were essentially used to extract British support for Bretton Woods, as well as binding the British to such agreements as convertibility of sterling, and

abolishing their imperial tariff system. Since the purpose of the loan was clearly to help reconstruct the British economy, US officials were forced to downplay this to Congress, and to emphasise national security concerns. Thus the framework for post-war order began to intersect, merge, and in some ways *create* the framework for the Cold War. As we shall have occasion to see in Chapter 4 of this thesis, this process was vital to understanding the development of US Cold War foreign policy.

Understanding this involves paying close attention to the way that domestic politics shaped foreign policy formation. The genesis of different policy trends in different institutions within the state, – e.g. the State Department versus the Treasury, – and the way these trends reflected broader political economy issues, are vital for understanding how national security and economic policy interacted. The role of Congress is also central, as exemplified by the way that Congressional opposition to the Bretton Woods institutions meant that the Truman Administration confronted severe obstacles to their multilateralist ambitions. The primary problem here was several powerful Congressional constituencies that saw foreign aid programs as a kind of tribute to potential economic competitors, and sought to block such programs consistently throughout the immediate post-war period (Eckes, 1975, 165-209).

In conclusion, the historiography of US foreign economic policy during the early Cold War is a subset of the broader Cold War literature, but with an important difference. Given the nature of the US as the hegemonic capitalist power after WWII, emphasis has had to be placed on the way in which the US interacted with other capitalist nations/regions (especially Europe and Japan), and the attendant dynamics of power/resistance that these interactions entailed. Although the challenge posed by the USSR remains important in some respects, the challenge posed by local elites in countries that were ostensibly allied to the US takes centre stage. In particular, the difficulty in managing issues of reconstruction in the context of post-war social and economic distress is a dominant theme in the literature, in addition to how such difficulties interacted with domestic developments within the US itself.

### **Realism and the Early Cold War**

Modern Realism (Structural Realism) has as its goal a theory of world politics which focuses on the determinants of the dynamics of the ‘system of states.’ Central to



this paradigm is the idea that states face a security dilemma which enforces a certain type of imperative on them, transcending the actions or ideology of any one state or statesperson. The nature of the international realm is seen as anarchical, meaning that the absence of a super-ordering power renders explanation in terms of a hierarchy of power inappropriate to the subject matter of post-Westphalian IR. This anarchical nature is the basic principle of any system of similar units, yielding the argument that states' behavioural regularities can always be subsumed by the logic of power maximisation under this principle. Prior to the 1970s, Realist thinking was imbued with a moralising and tragic element, exemplified in Morgenthau's *Politics Among Nations* (1948), which led to an uneasy tension between state-centrism and ideology.

The publication of Kenneth Waltz's *Theory of International Politics* (1979) bucked this trend and raised the Realist paradigm to new heights of scientism which had previously been the domain of behaviouralist analysis in IR. Waltz removed the psychologism of Morgenthau and Niebuhr's Realism, and proceeded to construct a systemic theory of International Politics which insisted that previous approaches were 'reductionist' in their analysis. Waltz's intervention signalled something of a watershed in IR theory, and here it is taken as a prototype of a certain form of explanation which emphasises the 'international system' as the primary cause of state actions.

Oddly however, this most dominant of paradigms in IR theory actually eschews the notion of 'explaining' foreign policy. Thus on a closer reading, the 'Waltzian Revolution' offered nothing much more in explaining US (or USSR) foreign relations than the Classical Realist insistence that the Cold War was a continuation of the grand old game of power politics. In the little space that Waltz devotes to discussing the Cold War in *Theory of International Politics*, he insists that ideology 'did not long prevail over interest' (ibid, 170) in the post-1945 world, thus explicitly dismissing much of the historiographical debate on the origins of the Cold War. For Waltz, the 'bipolar system' was the overarching structure which enforced imperatives on the Superpowers, turning the whole world into a kind of grid onto which the US and USSR mapped their power relations. Bipolarity thus carries with it certain implications for how states behave, the most important one being a specific type of security dilemma in which each pole of the system becomes uniquely attuned to the other.

Hence Waltz's main thesis regarding the reason why the Cold War took the shape it did (i.e. military interventions in the rest of the world by the Superpowers, in the context of a 'Cold' war between themselves), is that bipolar systems tend to make

the two Great Powers uniquely sensitive to changes in the balance of power, especially in the global configuration of international power relations. Thus the escalation of the Cold War is seen as a classic outcome of the ‘Prisoner’s Dilemma’ – Communist actions in Greece (1947) prompted the Truman Doctrine, the USSR’s actions in Eastern Europe prompted the Marshall Plan, the USSR responded with the Warsaw Pact, and so on (ibid, 170-171). An escalating dynamic of security maximising within the context of bipolarity is offered as the reason for the form of the Cold War.

This subsumption of the Cold War into bipolarity carries with it the important connotation that relations between each Superpower were relatively static and enduring. Provided that each maintained a sphere of influence, stability within the system was ensured. Within Structural Realism, a bipolar system should, in theory, produce a more stable world order than a multipolar one, due to the latter having more chances for mismanagement of threat perception than the former. Thus relations between the Superpowers ensured a kind of ‘long peace’ during the post-war era, organising world politics such that another world war was unlikely. As a corollary to this argument, the end of the Cold War was argued by Realists to be responsible for a rise in tensions in international politics, especially within Europe, which had enjoyed half a century of security underneath the nuclear umbrella of the US (Mearshimer, 1990).

### **Realism’s Weaknesses**

Despite Waltz’s intervention into the field of IR, the legacy of Classical Realism never died in mainstream IR, meaning the Realist thought always contained tensions and dilemmas for its advocates. Snyder notes that since the publication of Morgenthau’s founding text, Realism has gone through at least five phases –

‘the foundation generation ...; the adaptation of realism to the management of containment and deterrence under bipolar polarity; the emergence of theoretically rigorous neorealism in the academy; the debate between offensive and defensive realists; and the turn after the cold war to an eclectic “neoclassical” realism’ (Snyder, 2011, 56).

At the heart of these five phases lies a simple dilemma – how to connect the apparently timeless and ahistorical pressures of competition under anarchy, to the actual

observable dynamics of state behaviour, and foreign policy formation. As Waltz himself admits, there is no guarantee that states will behave in the manner dictated by the system, thus opening up the question of differential state strategies, i.e. different responses to the same ‘timeless’ anarchical imperatives. Waltz can always maintain that the goal of his theory is to offer a postulate which covers a broad range of outcomes, whilst deviancy from the expected rational norms are merely aberration to be corrected over time, but this does not preclude the possibility that these ‘abberations’ may add up to a new and observable dynamic of behaviour which is explicable in other terms. This is the point at which scholars concerned with state institutions, ideas, and ideology have come in.

However, although Structural Realism and its more ‘historicised’ variants dominate IR theory, it is noticeable that these theories tend to fare poorly when it comes to explaining early US Cold War foreign policy. As noted earlier, Waltz’s *Theory of International Politics* devotes little space to discussing the effects of bipolarity on US behaviour in this period (1979, 168-172, 190). In accounting for the form of the Cold War – most actual military interventions occurred in the Third World (by both Superpowers but mainly the US) – Waltz offers the observation that within the contours of a bipolar order, ‘miscalculation’ by either Superpower is the biggest danger. This is so because of the aforementioned intense sensitivity to each other’s moves that the structure of the system elicits from each power. Hence, ‘overreaction’ is preferable to miscalculation, because the former costs only money and the fighting of limited wars’ (ibid, 172).

Nonetheless, this vague language of overreaction and miscalculation hardly seems to do justice to the systematic nature of Cold War interventions by the superpowers. It also assumes that both superpowers intervened in countries in the same ways. This obscures different modes of intervention that each superpower undertook which stemmed from their domestic makeup. The notion of bipolarity is also problematic when it comes to gauging power relations between the Superpowers. Beneath the geo-political surface, the geo-economic situation was hardly bipolar, given the enormous economic superiority of the US. Furthermore, even the notion of military bipolarity runs into serious difficulties when we consider the immediate post-WWII situation. For the USSR was left devastated by the war, with serious manpower and material shortages, and substantial infrastructure destruction (Evangelista, 1982). In the meantime, the US had avoided any actual combat on its shores (Pearl Harbour aside),

and the war had triggered an enormous spurt in military technological advances and economic capabilities. All things considered then, while the notion of bipolarity might capture the way that the US and USSR stood above all others as Great Power nations, it creates a false sense of equivalence between them.

### **Excursus: John Lewis Gaddis as ‘Realist’ Cold War historian**

If the early American historiography of the Cold War was guilty of polemical infighting, then, so the story goes, by the 1970s one historian – John Lewis Gaddis – had transcended these vices to offer an interpretive school founded on a more ‘objective’ basis. Gaddis’ *The United States and the Origins of the Cold War* (1972) remains the core text of what has become known as ‘Post-Revisionism’ within historiographical circles. Contrary to previous Cold War history, Gaddis shunned assignation of ‘blame’ to either Superpower, focussing instead on the interaction of each within the confines of a bipolar system. Gaddis challenged Orthodox arguments which focussed on the Truman Doctrine and Marshall Plan, and recast the Cold War as a gradual development which had its roots in a reorientation of US foreign policy in February-March 1946. At the same time he incorporated Revisionist insights which had emphasised ‘Atomic Diplomacy’ and ‘Economic Diplomacy,’ seemingly managing to take the best of both schools and create a synthesis.

A decade later, Gaddis was to confirm this Post-Revisionist synthesis in a classic article (1983). What marked this article out was a more obvious acknowledgement that Post-Revisionism had been more concerned to roll back the perceived excesses of Revisionism rather than Orthodoxy. Although the Orthodox emphasis on US policy as being solely driven by the aggression of the USSR was criticised by Gaddis, the main burden of critique of the article was against Revisionism. Gaddis drew on both American and Russian scholars to show that by and large the Revisionist emphasis on US foreign policy being wedded to ‘economic’ motives was misplaced. Instead, US policies had an economic dimension, which was mostly subordinated to political concerns – i.e. national security. This latter notion came to play more of a role in post-Revisionist scholarship than before, most notably in Melvyn Leffler’s *A Preponderance of Power* (1992).

Gaddis’s claims about a synthesis of Orthodoxy and Revisionism may not have been acceptable to all, especially some Revisionists, but nonetheless by the 1980s a

strong current of historiography was rallying behind the Post-Revisionist label. However, in 1997, Gaddis's apostasy came with his book *We Now Know*, which marked a reversion to an Orthodox perspective. This text returned to the 'moralising' tone which Gaddis had apparently tried to leave behind, and claimed that the opening of the Soviet archives after 1989 had left no doubt as to the true nature of the main trigger for the Cold War – Stalin's expansionary and aggressive aims which stemmed from his Marxist-Leninist ideology. In a stroke, Gaddis renounced Post-Revisionism and founded a 'Neo-Orthodoxy,' a conversion that his concise history *The Cold War* (2005) resoundingly confirms.

Gaddis's conversion may have been much more to do with his own politics than with the opening of the Soviet archives. However, his trajectory as a historian helps to shed light on the difficulty of reconciling the behaviour of the Superpowers during the Cold War with the notion of a bipolar international system. In addition to Gaddis' own doubts regarding the intentions of Stalin as statesman, there are also doubts that his own earlier work had managed to square US foreign policy with the expectations of bipolarity. Echoing the Structural Realists' notion of bipolarity as a stable system of international relations, Gaddis claimed that such stability came from the fact that bipolarity is a 'simple' system, easy to 'manage' on the part of both Superpowers (1987, 221-2; Mearshimer, 1990, 17).

However, in arguably his best-known work, *Strategies of Containment* (1982) Gaddis produces an account of US foreign policy in the early Cold War which contradicts this basic Realist premise. In the latter work, US policy during this period undergoes a distinct shift: from 1946-50, US policy is defined by the need to preserve a balance of power in Europe, of which the Truman Doctrine and Marshall Plan are manifestations (ibid, 23-30). Gaddis sees this policy as eminently Realist and rational. Europe was defined as a vital area, and thus foreign policy was oriented towards it, whilst ignoring peripheral concerns which lay outside of this area. However, the exploding of the Soviet atomic bomb in 1949, coupled with the need to define a foreign policy for Asia began to undermine the Realism which underpinned US foreign policy. NSC 68 in 1950 substituted a sober assessment of means and ends for a policy which emphasised 'credibility,' military superiority, and a pathology of extreme fear about the loss of any area to 'communism.' The Korean War deepened this process, and led further away from a Realist policy, towards a policy defined by an unwise disjuncture between means and ends (Gaddis, 1980, 164-70; 1982, 83-126; 1987, 20-102).

Already, a simple conceptual question arises: if the bipolar system accounts for the behaviour of the US, then why did the shift from a 'realistic' and 'rational' foreign policy towards one which was 'unwise' and predicated on a disjuncture between means and ends occur? The variations in US policy during this period sit uncomfortably with the notion of a 'stable' international order, especially if this order is 'simple' and easy to manage. The latter notion entails that stability is a function of the inability of the Superpowers to meaningfully alter the balance of power between them, leading to defections between each bloc being relatively tolerable provided they are on a small scale. But this prediction of the theory is simply not applicable to the only period in world history when there has been a genuine clear-cut bipolar system – post-WWII – since both the US and USSR were intensely concerned with such 'defections.' In fact, as Gaddis himself notes, the US from 1950 onwards began to diverge from the requirements of Realism, and developed a foreign policy based on an obsessive preoccupation with 'credibility,' 'communism,' and so on (ibid).

One possible explanation for this conundrum is offered by Mearshimer (1990, 26-27), who claims that for around fifteen years the Superpowers were learning the 'rules of the road,' and the crises between them were simply minor ones along the way towards lasting stability. But this can hardly explain US actions in Indochina after 1960, which saw arguably the most 'irrational' policies from the point of view of Structural Realism. The explanation also raises an important point about the presuppositions of Structural Realism – if the time-lag between responses to the 'system' can take so long when the system is supposedly 'simple,' what possible mechanism can account for this? Structural Realism would have it that the system 'determines' state behaviour, but if a scholar like Mearshimer has to resort to a 15 year time-lag in order to explain discrepancies between theory and history, this calls into question the basis of the theory itself.

In order to combat the apparent disjuncture between US foreign policy and the expectations of Realism, Gaddis ultimately resorts to the notion of 'irrational' US policy makers (1982, 238-43). Whether convincing or not, this idea is clearly incompatible with the presuppositions of Structural Realism, which *require* the assumption of rational calculation on the part of policy makers. The notion of 'irrationality' is a sign that there are phenomena outside of the purview of Structural Realism which are crucial to the subject matter at hand – namely the behaviour of the US under conditions of bipolarity.

Gaddis's notion of bipolarity is rendered even more problematic given his about-turn in his later work, *We Now Know* (1997). The structure of the system is now cast aside in favour of a psychological explanation: as long as Stalin ran the USSR, the Cold War was inevitable. This focus on ideology (and perhaps even individual psychology) represents a major shift away from Realism. While Gaddis's personal explanation may be coloured by his politics, his shift signifies the poverty of the Realist notion of bipolarity in coming to grips with the early Cold War period and the behaviour of the Superpowers.

### **David Campbell – Writing Security**

If the early Cold War historiography was polemical and moralising, and the Post-Revisionist intervention based on a problematic 'synthesis' between Orthodoxy and Revisionism, recent scholarship has been marked by a distinct turn towards 'ideas' and 'ideology' as important determinants in their own right. Instead of being a simple addition to Realism's assumption of like-unit states, ideational dynamics have been examined by scholars as being the primary dimension through which states interact. Different characteristics between states are now fundamental, rather than an aberration.

A major work in this area is Campbell's *Writing Security* (1998) which uses post-structuralist methods to analyse the formation of US foreign policy in light of the 'politics of identity.' Campbell's guiding question in this work is 'What functions have difference, danger, and otherness played in constituting the identity of the United States as a major actor in international politics? (ibid, 8). His approach to this question involves taking seriously the idea that the collective identity of the state is constitutive of the apprehension of external enemies, and thus is constitutive of the way in which foreign policy is conducted. Thus the analysis is reoriented from 'concern with the intentional acts of pre-given subjects to the problematic of subjectivity' (ibid).

Campbell asserts that a recognition of the link between identity and the state leads to a rejection of the ontology of like-units that Structural Realism postulates. Identity is 'an inescapable dimension of being' but 'is not fixed by nature, given by God, or planned by intentional behaviour. Difference is constituted in relation to identity' (ibid, 9). The sharp distinction between a realm of 'internal' domestic politics and 'external' international politics that characterises Realist thought is recast – 'the

constitution of identity is achieved through the inscription of boundaries that serve to demarcate an “inside” from an “outside,” a “self” from an “other,” a “domestic” from a “foreign” (ibid).

Thus rather than a causal nomothetic account which deduces state behaviour from unchanging systemic pressures, Campbell offers a hermeneutic ideographic method for decoding the politics of the US state during the Cold War. The boundaries of ‘inside and outside’ that Realism treats as eternally pre-constituted, are viewed by Campbell as porous and negotiable, constantly shifting in the face of discursive renegotiation. Rather than take for granted that state identity is a function of the ‘external,’ the distinction itself is opened up to a radical re-historicisation and re-politicisation.

In respect to the US, Campbell takes on the notion that the behaviour of the US was simply a response to Soviet imperial intentions. Criticising Rorty’s assertion that the issue of the USSR’s threat to the US is not ‘philosophical’ issue but a ‘straightforwardly empirical’ one, Campbell notes that such Orthodox readings of the Cold War invite

‘a critique informed by an orientation in which the seemingly intransigent structures of history are effects ... of a variety of uncoordinated practices of differentiation that serve to constitute meaning and identity through a series of exclusions’ (ibid, 23).

NSC 68 is used by Campbell to show how ambivalences in the ‘nature’ of the Soviet threat are ‘glossed over by the highly figurative nature of its representation of the threat’ (ibid). As previously noted, the military threat assessment of the USSR in NSC 68 was decidedly low-key – militarily, the USSR posed no major threat at this time, and this was recognised. Thus the nature of the struggle was represented in NSC 68 not just in military and geopolitical terms, but in cultural and ideological terms. Even when geopolitical terms were used, it was not by its military power that the USSR was threatening the US, but in terms of its ‘political power’ (ibid, 25-6). This political threat was at the same time a cultural threat – the social system of the USSR was irreconcilable with that of the US, such that there was no hope of compromise between the two.



Campbell shows how NSC documents use cultural and ideological modes of expression to link foreign policy and external threat evaluation to American domestic politics and political subjectivity. An earlier document – NSC 17 from 1948 – had emphasised the internal forces within US society that ‘would tear down and destroy the established order by force or violence’ (ibid, 27), insisting that communism was against ‘the inherent dignity, freedom, and sacredness of the individual ... against our established norms of law and order; against all peaceful democratic institutions’ (ibid). Thus the boundary between internal and external security concerns was blurred, and the formation of foreign policy towards the ‘outside’ was intimately connected with the discursive construction of political identity in the domestic realm.

Campbell’s reconstruction of the processes of making foreign policy as a ‘scripting of the self’ (ibid, 30) helps explain the ambivalences in documents such as NSC 68, which precipitated the mass-militarisation of US foreign policy, ostensibly on the basis of a downplayed military threat. Concepts of internal coherence and identity are behind such statements, since ‘even if there were no Soviet threat [the US would still face an] increasingly intolerable absence of order’ (ibid, 31). In this respect, even a document such as NSC 68 (which is a foreign policy document *par excellence*) must be read more as an attempt to fix discursively the contours of American identity, to render static what is contingent and subject to change.

As Campbell avers, one might expect such hyperbole and moralising language to exist in the pronouncements of politicians and opinion leaders when addressing the public. The creation of a ‘communist menace’ with which to instil fear into the public is a theme well-worn. But the fact that documents such as NSC 68 were policy-making documents reserved for the inner sanctum of US planners who carried out their functions in total secrecy suggest that this cannot account for the tone of such documents. In other words, this was no deliberate use of language to ‘fool’ a public into support for war, but was a symptom of the true nature of the Cold War for the US: above all it was a struggle for *identity* (ibid, 33).

### **The Limits of Campbell’s Constructivism**

Campbell’s aim to rethink the notions of state and national security represents a strong challenge to Realism’s assumption of a coherent and unified rational actor. The notion of the state as a blurred, porous and discursively constituted entity, holds out the

promise of re-connecting politics and human agency to the formation of foreign policy, and not taking for granted that states in the international system are ‘like-units’ that all respond in the same way regardless of internal dynamics. His case study of the formation of US foreign policy in the early Cold War period amply demonstrates the poverty of Orthodox IR approaches in coming to grips with the apparent ‘irrationality’ of US planners.

However, laudable though these goals are, Campbell’s textual approach ends up being curiously de-politicised, as texts are analysed as culturally constituted, but not politically contested within the state itself. When the time comes for ‘politicising’ and ‘historicising’ foreign policy texts, instead of turning to history or politics, Campbell places the identity politics of key texts within the context of broader identity politics stretching back in US history. Thus the book traverses historical terrain from the forcible evacuation of the Amerindian societies (from 1492) all the way to present day, mobilising the concept of ‘identity’ in order to account for how the processes of US foreign policy making have always been connected to identity politics in the US. Campbell claims that

‘any number of historical events or periods might be considered as precursors to the cold war, not in the sense that they stand in a relationship of cause and effect, but rather because they exhibit similar orientations toward danger, the self, and others’ (ibid, 133).

But this quickly opens up a disjuncture between the conceptual tools of ‘text’ and ‘identity’ that Campbell deploys, and the more immanent politics of how and why a particular text and identity became dominant at any single point in time. If the categories of ‘danger,’ ‘self’ and ‘other’ are so broadly construed as to fit any period of US history, then one is left with a set of concepts that appear as timeless and abstract as the verities of Realism. Indeed, from a promise of destabilising Realist ahistoricism and structuralism, we are left with a post-structuralist account which does not problematise the contested nature of the state and security enough. The coherence of Realism’s ‘like-units’ is replaced by a coherence of ‘identity.’

This leads to Campbell subsuming all manner of geopolitical engagements via the notion of ‘identity,’ such that the latter comes to be very vague. Despite the claims to be sensitive to the contingent nature of identity formation that we find in the early

part of the book, Campbell's own exposition rarely gives any sense of contestation or resistance to the eventual narrative of identity which becomes dominant at any time within the foreign policy making elites. Thus his attention to contingency actually dissolves, as he elevates 'identity' to an explanatory principle itself, rather than being an unstable effect of political struggles.

In this way, too many phenomena are elided under the notion of the 'state' qua 'American identity.' Issues of foreign policy are connected to domestic issues such as full employment, wage justice, child care, gender and race relations, family politics, and so forth (ibid, 136-141). But we are not told here why these 'domestic' processes should affect foreign policy formation, it is simply assumed that their subsumption under the notion of identity suffices to demonstrate the connection. In doing this, Campbell actually silences the contradictions that may have existed in American society vis-a-vis its foreign policy, and closes off inquiry into the political contestation of such policies. In other words, as Campbell connects domestic policy with foreign policy, his own notion of identity formation leads him to miss much of what was contested in the formation of US policy in this period.

### **Marxist Historical Sociology, IR Theory, and the Cold War: Halliday, Saull, and Inter-Systemic Conflict**

In the tradition of Marxist IR, Fred Halliday was responsible for re-formulating a Marxist challenge to IR theory, and particularly an approach to the Cold War era. Halliday's main works in this area – *Rethinking International Relations* (1994) – developed a notion of the Cold War as a particular instance of 'inter-systemic conflict.' This concept was intended to both challenge mainstream IR theory, but also to update and critique extant Marxist accounts of the Cold War. In particular, Halliday was concerned to do several things: to develop a genuinely social account of geopolitical conflict; to update Marxist ideas about 'imperialism'; to escape the Western-oriented focus of mainstream IR theorising of the Cold War; and to place the ongoing spread of capitalist social relations and the dynamics of social revolution that this engendered centre stage.

Saull's work deploys and develops Halliday's notion of the Cold War as 'inter-systemic conflict' (2001). In particular, Saull's focuses on two of Halliday's legacies – firstly, a rethinking of 'superpower conflict' through the notion of inter-systemic

conflict, and secondly, an incorporation of the Third World as a vital arena in the Cold War dynamic. However, Saull extends this second legacy even further, arguing for a ‘global theory’ of the Cold War, involving

‘the dialectical relationship between, on the one hand, conflict and social revolution in the global south, and, on the other, geopolitical confrontations involving the superpowers in the overall dynamic and working out of the Cold War’ (2011, 1124).

In this respect, Saull criticises mainstream IR theory for its singular focus on the ‘East-West’ confrontation between the superpowers, which loses sight of the protracted global process of capitalist expansion which led to the Cold War assuming a global form. For out of the 19<sup>th</sup> century came the decline of European colonial empires, which led to dynamic and creative attempts by former colonies to navigate ‘non-capitalist paths out of the decaying corpse of European colonialism’ (ibid). However, as with Halliday, he also criticises the Revisionist strand of historiography on the Cold War, which had already emphasised the global dynamic of the Cold War. For Saull, the Revisionists swing the pendulum too far in the direction of privileging North-South conflict, and negate totally the superpower dynamic, ignoring in particular the USSR’s role in constituting and propping up a rival socio-economic bloc to the US-led Western bloc.

Despite offering a way out the ‘Eurocentric ontology’ of mainstream IR theorising of the Cold War, Revisionism fails to see that ‘revolutionary states’ in the Third World shared ‘domestic properties, institutional arrangements and forms of foreign relations in common with the USSR’ (ibid, 1126). This licenses Saull, following Halliday, in seeing the global dynamics of the Cold War in terms of two systems with different socio-economic constitutions, each characterised by a competitive and universalising dynamic (Halliday, 1994, 175). However, Saull notes that Halliday stressed that this did not involve accepting that US geopolitical strategy was simply a function of Soviet moves. The relationship was more indirect, in that US strategy had to deal with the geopolitical consequences of revolutionary movements in the Third World, which were manifestations of the ongoing consequences of the uneven and combined development of capitalist social relations across the globe. Thus the

superpower relationship was always a partial institutionalisation of broader social processes.

This accounts for the uneven geographical development of the Cold War. For once the Cold War was ‘stabilised’ in Europe shortly after the end of WWII, its ‘internal logic’ in the European arena was terminated (ibid, 1128). Saull puts this development into a longer-term framework of capitalist development throughout the 20<sup>th</sup> century: the early part of the century witnessed the main tensions in capitalist development located in the metropole (‘the West’), and thus the conflagrations of WWI and WWII, while after the war this ‘geography’ was ‘inverted,’ and the locus of instability built into capitalist globalisation began to shift outwards to the periphery (ibid). Hence the character of the late 20<sup>th</sup> century, with a relative ‘long peace’ in the US-led western heartland contrasting with war and revolutionary crises in the developing Third World.

Hence the Halliday/Saull ‘ontology’ of the Cold War consists of marrying a long-term perspective of the protracted and uneven global transition to capitalist modernity, with the specific role of the superpowers as representing two different socio-political models of how to deal with this transition. The similarities between the USSR and other ‘revolutionary states,’ - China and the Third World states, - leads to the idea that political elites in those countries were caught in a context where they played out different strategies for ‘choosing’ between capitalist and revolutionary communist paths to modernity (ibid, 1129). In an abstract sense, then, the Cold War was about the dynamic of expansion and retraction of these antithetical forms of state and society, thus bringing the antagonism between capitalism and communism back to the centre stage.

However, Saull also differs with Halliday on important issues. For the latter, the notion of a ‘global Cold War’ was tempered by three things: a particular temporalisation of the patterns of Cold War conflict; the identification of the superpower arms race and militarisation as ‘ontologically autonomous’ from the logic of the Cold War; and a geographical assumption about the nature of uneven and combined development and its relation to social revolution (ibid, 1130).

The first of these involves Halliday’s association of the Cold War with moments of superpower conflict. This yields a temporality of the Cold War as follows: From 1946-53, and 1979-86, the Cold War proper was instigated, while the period 1953-69 was one of ‘oscillatory antagonism,’ and the periods 1969-79 and 1987-9 were detente. However, for Saull this focuses unnecessarily on the superpowers themselves as sources of Cold War conflict, thus denying the Third World as the fundamental source of its

dynamics. For as he points out, the ‘oscillatory’ period was in fact one in which revolutionary change in the South was ongoing, except that China was its main sponsor in the most prominent cases of Korea and Indochina. Saull also makes the important contribution of locating the genesis of the Cold War dynamic in 1917, with the birth of the Bolshevik revolutionary state, rather than 1946, as Halliday does. This takes the logic of ‘inter-systemic conflict’ to its logical conclusion, for the ultimate source of the antagonism between the rival systems came about as a result of the creation of the USSR.

In addition to these temporal alterations, Saull challenges the idea that the arms race and militarisation were autonomous from the broader inter-systemic logic of the Cold War. Following on from his privileging of the Third World as the driver of Cold War temporality, Saull sees a tension in Halliday’s conception of the asynchronous temporality of the Cold War and its uneven geographical spread, and the idea that militarised conflict and the arms race were a function of bipolarity. Charging Halliday with a residual ‘Realism,’ Saull notes that militarisation itself was also a function of Third World dynamics, especially as the Cold War logic imprinted itself over pre-existing conflicts in various regions. For instance, in the Middle East, superpower conflict intersected with Arab-Israeli tensions and pre-existing patterns of war and upheaval, the latter having their genesis in social movements that challenged conservative social elites in various parts of the Arab world.

Saull thus questions the extent to which Halliday offers a ‘global’ theory of the Cold War, and seeks to expunge what he sees as latent Realist and Eurocentric assumptions in his account. While Halliday accords some weight to the concept of bipolarity, Saull rejects it in favour of seeing even the superpower axis of the Cold War as ‘derivative of the domestic socio-economic constitution of states’ with ‘both the emergence and the globalization of US-Soviet geopolitical rivalry derived from the proliferation of new bouts of revolutionary struggle and the establishment of revolutionary states’ (ibid, 1135). Thus he casts the Cold War fully as a function of the global uneven and combined development of capitalism, without any recourse to notions of the ‘autonomy’ of inter-state conflict. Accordingly, Halliday’s temporal classifications are revised, and Saull offers a periodisation of the Cold War which has at its heart three conjunctures of crises ‘in the reproduction of the international structure of capitalist development,’ - the inter-imperial crisis of WWI and the Bolshevik revolution; the crisis of WWII, and the creation of a liberal international capitalist order;

the crisis of this liberal order in the 1970s and surge of Third World revolutions during this decade (ibid, 1136).

### **Beyond outside-in explanations**

The Halliday/Saull theorisation of the Cold War marks an important advance in IR theory in a number of ways. Moving away from the parsimony associated with Realism and its offshoots, the Marxist inspired historical sociological approach on offer provides the basis for an empirically rich yet theoretically sophisticated notion of the Cold War. In keeping with Marx's insistence that the development of capitalism was a watershed in world history, the Cold War period is placed within a longer trajectory of the uneven and protracted global expansion of capitalist social relations. However, in opposition to other Marxist-inspired accounts which also proceed from this basis, Halliday/Saull take seriously the superpower axis of the Cold War, seeing it as an institutional form which was both an effect of, and constitutive of, broader social forces. In Saull's more rigorous presentation, this axis was still fundamentally an historical form of the broader socio-economic antagonism between different paths to capitalist modernity.

However, while this account of the Cold War offers numerous advantages over existing IR accounts of the Cold War, it is also problematic on several counts. The very goal of creating a 'global theory' of the Cold War, underpinned by a 'global ontology,' carries with it a number of risks. These relate to the way that such a theory tends to grant too much coherence to the notion of the 'Cold War' as an overarching dynamic which ordered international relations. This is especially so in Saull's account, which extends the concept backwards to 1917, and forwards in time to staggered and multiple endings of 'Cold Wars' which rumble on. While this temporal stretching is not, in any simple sense, wrong, - the Cold War as inter-systemic conflict did indeed begin in 1917, - it tends to overplay the extent to which the 'Cold War' was exhaustive of, and even primary, in determining patterns of co-operation and conflict during the 20<sup>th</sup> century.

For while the notion of inter-systemic conflict is intended to move away from Realist assumptions of bipolarity and to broaden the geographical terrain of the Cold War, it does not fundamentally challenge Realism at the level of notions of competition and foreign policy formation. The idea of a fundamental antagonism between two competing socio-economic structures relies on a homogenising of state/society

complexes which ignores the ways in which concepts of ‘the other’ were constructed and reconstructed over time. Writing a deep binary contradiction into the US and USSR, - and seeing not only patterns of conflict between the two, but also patterns of conflict in the whole world, as derivative of such a contradiction, - closes unnecessarily an inquiry into how the socio-economic matrix of each superpower (and inter alia each country across the world) translated into different foreign policies at different times.

Put more crudely, the Halliday/Saull theory does not fundamentally challenge the Anglo-American Cold War self-image, reflected in mainstream IR theory. It simply provides ‘class’ underpinnings to extant ideas within IR theory. Competition between rival superpower blocs is not challenged as the basic form of international relations, but is explained via a deeper logic of socio-economic context. In this respect, it constitutes less of a new ‘ontology’ in IR theory, and more of a sophisticated addendum to Orthodox historiographical accounts of the Cold War and mainstream IR theory. For even in Saull’s account, the clash between capitalism and communism takes centre stage in global history, with each superpower a locus for essentially similar political forms and state strategies across the world.

The perspective runs into particular difficulty when we turn to one of the major differences between Halliday and Saull, namely on the issue of militarisation and the arms race. For although Saull is correct to point out that Halliday’s account stays too close to Realism, his own account simply collapses the question of military strategy into socio-economic forms. Averring that the military dynamics of the superpower confrontation were also a function of their different socio-economic constitutions, Saull sees the US’s capitalist social form as defined by the possibility of exercising both economic and military power, whereas the USSR’s communist social form meant it was limited to coercive-military power. In terms of foreign relations, this meant that each superpower systematically differed in its relations to other states, with US economic power providing a qualitatively different form of relations that the USSR could not match. As other states were, broadly speaking, either constituted along either capitalist or communist lines, they also developed forms of foreign policy orientation which reflected their socio-economic constitution. Hence as social revolutions began to produce more and more states that were founded along communist lines, this produced more and more states that privileged military-coercive foreign policies, and tended to align them geopolitically with the USSR. Hence US relations with these countries



became militarised, even if US power was primarily economic and not military-coercive.

While there is no doubt of the military-coercive nature of many of the regimes which Saull classifies as ‘revolutionary states,’ his account over-emphasises their role in the militarisation of conflict between the superpowers, and especially the US, and the Third World. For between 1945 and 1981, there were approximately 125 major military conflicts, with 95% of them in the Third World, and Western forces (mainly US) accounting for 79% of interventions, while communist (mainly USSR) forces accounted for 6% (figures from Sivard, 1981, cited in Chomsky, 1987, 24). In addition, the scale of military interventions by the US and its allies far outweighs the scale of intervention by the USSR and communist countries, especially in Asia and Latin America. This raises the question of whether the military-coercive nature of certain Third World countries is enough to account for the enormous disparity in interventions between the superpowers.

In a more abstract sense, the question is one of whether military imperialist tendencies in the US can be derived ‘outside-in’ from challenges that emanated in the Third World, or whether there were domestic sources for US militarism which need to be taken into account. This issue bears similarity to earlier debates within Marxism concerning the nature of imperialism and its connection to state-formation in the periphery. For in an important critique of the Leninist account of capitalist imperialism, Ronald Robinson had offered an ‘excentric’ notion of imperial relations during the 19<sup>th</sup> century, in which patterns of imperial domination were a variable function of events in the periphery (Robinson, 1972). Hence rather than economic development in the metropole precipitating imperial interventions, peripheral crises prompted metropolitan imperialism, sometimes reluctantly. The echoes with Saull’s account of Cold War imperial interventions are clear – the sporadic explosion of social revolutions across the Global South precipitated superpower, especially US, intervention.

However, such ‘excentric’ accounts of imperialism run the risk of adopting a ‘call and answer’ view of imperial state policies. Geopolitical strategy is seen as passive and reactive. Furthermore, while the critique of accounts of imperialism which were too rooted in seeing it as an attempted fix of capitalist crises within the imperial power are well-put, ‘excentric’ theories bend the stick too far in the other direction by totally divorcing imperial dynamics from the *politics* of the metropolitan power. In Saull’s case, deriving a foreign policy orientation solely from abstract models of capitalist

versus revolutionary communist state/society complexes forecloses an examination of the social construction of foreign policy within the imperial state. Saull rightly criticises Realism for its singular focus on hermetically sealed ‘conflict-units,’ and develops a broader social context within which geopolitics takes place, but he over-simplifies the way in which the social context of any state translates into particular foreign policy orientations.

In this respect, although Saull criticises Halliday’s ‘autonomisation’ of the arms race and militarisation, and notes correctly that this stemmed from the latter’s residual Realism, his own account unnecessarily ignores the question of militarisation by naturalising it. In particular, seeing US military interventions as purely reactive to the ongoing dynamic of revolutions in the Global South does little justice to the scale and nature of these interventions. Ironically, while attempting to recover the ‘agency’ of the Third World in the militarisation of the Cold War, Saull hides the ‘agency’ of the US state in this respect.

This problem is part of a broader issue. For Saull, US foreign policy is derived from the concern with revolutionary communist states, and the contradiction between them and the US. However, this provides a dubious framework from which to view US strategy in many areas of the world. In the Middle East, for example, the dominant concerns in US strategy were less about ‘revolutionary’ movements as such, but more broadly about Nationalist movements which threatened to destabilise the US framework for organising the region. Access to oil by Western companies, for instance, was not just affected by revolutionary movements, but by any regime that promoted a program of resource nationalism (Mossadegh’s Iran being an obvious example). This meant that US policy was never simply defined in terms of capitalism versus revolution, but in terms of the US’s neo-mercantilist structuring of the region, in which the attitude towards any particular state was a variable function of that state’s role in the structure. While revolutionary ferment could be, and was, a factor unsettling this structure, it was only a factor amongst others, and not the sole defining one.

By codifying the notion of capitalism versus revolutionary socialism into inter-systemic conflict, Saull’s perspective gives us an image of US strategy which does scant justice to its many facets. In this respect, the corollary to his ‘excentric’ account of US imperialism is an overly singular conceptualisation of US strategy itself. No sense is given of the possibility that the discursive formulation of the ‘Communist menace’ hid the way that the US struggled to articulate and enact a coherent foreign policy initiative

in which covered different areas of the world. The idea of an ‘excentric’ imperial dynamic begs the question of how one can construct a stable notion of imperial policy emanating from the core, and as such Saull’s perspective appears to want to have two conflicting things: an outside-in adaptive notion of US imperial policy, coupled with an inside-out form of imperial identity as the capitalist side of the inter-systemic conflict.

On a more conceptual level, the problem lies in the way that Saull sets up his analysis. His goal is to rethink the concept of the ‘Cold War’ by placing it within a wider context – namely that of globalising capitalist development. Thus the context provides the conceptual dynamism which Saull claims is missing from more Orthodox accounts of the Cold War. The ongoing expansion of capitalist social relations unsettles attempts to tie the concept of the Cold War to superpower rivalry per se. However, by stretching the concept of the Cold War itself both temporally and geographically, it becomes devoid of any sense of social construction. While the rhythms of the Cold War concept are related to the dynamic context of capitalist development, there is no sense of dynamism accorded to the concept of the Cold War itself. It exists as a super-concept which defines history, but is not subject to historical reconstruction itself. What is missing is a sense of *unevenness* of the concept of the Cold War. The eradication of this element stems from the overly structural account of ‘systemic’ competition amongst relatively homogenous blocs.

## **Chapter 2: Theory and US Foreign Policy**

### **Structural Realism – The Primacy of the International System**

The ‘historical turn’ in IR has been less of an abrupt shift and more a series of incremental adjustments. Since Waltz’s canonical statement (1979) developing a ‘structural’ theory of international relations, successive criticisms have sought to challenge his project by introducing more or less ‘history’ to rectify perceived failings. However, this rendition of post-Waltzian IR theory runs the risk of buying into a distorted image of the discipline, as though a neat ‘before-and-after’ existed around Waltz. Rather than such an artificial image, it would be better to see the development of Structural Realism as a sharpening up and clarification of multiple overlapping trends which had a long lineage before 1979.

The debates that Waltz situated himself in bear this out. An earlier statement (1959) had already outlined the famous ‘three images’ of international politics – focussed on the individual, the state, and the state system. For Waltz, each image captured some different aspect of the overall determinations that went into the dynamics of international politics. The first image of the individual has its main manifestation in the idiosyncratic features of states-people. The second of the state relates to the characteristics of political institutions and the overall shape they give, e.g. democratic, authoritarian, and so on. The third image of the state system relates to enduring patterns of relations amongst states, and according to Waltz has its own overarching logic, derived from competition under anarchy leading to balance of power politics.

In addition to Waltz’s schematic, a classic article by Singer (1961) also assessed the levels of analysis problem in IR. For the latter, the international systemic level also stands out as the level most capable of providing predictive generalisations about state behaviour. However, Singer is more cautious than Waltz in advocating that IR theorists focus exclusively on this level, since systemic models of IR tend towards an assumption of similarity in state forms which leaves them blind to important national differences which affect foreign policy formation. Ultimately, Singer argues for a balance of systemic and national determinations in any analysis of foreign policy.

Similarly, Jervis (1976) refines this schema further, advocating four different levels of analysis which demand attention: the decision making level, the bureaucratic level, the nature of the state and domestic politics, and the international environment.

When compared to Waltz's scheme, Jervis's novelty boils down to the introduction of a distinction between bureaucratic politics and the overall nature of the state in place of the former's second image. This refinement aside, three important issues arise for Waltz, Singer and Jervis, namely: What justifies any particular classificatory scheme over another? What criteria do we deploy to sort the 'raw mess' of politics into each category? How do we decide which 'level' is the most important for any given situation?

These questions form a kind of backbone around which IR theory tends to revolve. Waltz's influential work set up a core research agenda in IR, which privileged analysis of the state system and enduring patterns which manifest themselves there. While the response of scholars such as Singer and Jervis, along with a host of others, has been to attempt to conjoin domestic and international level 'variables,' Waltz's work still provides a vital pivot around which such responses move. His creation of a settled notion of an international realm, solidified into an object of analysis, arguably defines the discipline to this day. For while thinking on international politics had been witness to 'Realist' themes since the time of Thucydides, Waltz's conversion of this 'Classical Realism' into 'Structural Realism' heralded the possibility of a 'science of IR' detached from previous forms of political science.

Five core tenets link classical to structural realism. *Firstly*, a preoccupation with the causes of war and the conditions of peace. *Secondly*, the structure of the international system as a necessary if not always sufficient explanation for many aspects of IR. The lack of a co-ordinating mechanism over and above states leads to a situation of 'anarchy,' leading to a 'security dilemma' in which states are compelled towards hostile interactions. Conflict is thus a natural state of affairs, rather than a pathological deviation from peace. *Thirdly*, a focus on geographically based groups as the central actors in IR. Since 1648, these units have predominantly been nation-states. *Fourthly*, the assumption that state behaviour is rational. States are guided by a logic of 'national interest,' which minimises risks and maximises benefits. Ideological preferences and individual motives take a back seat to the inexorable imperatives of survival, security, power-seeking, and relative capability balancing. *Fifthly*, the nation-state is conceptualised as a unitary actor. This follows from the assumption that the international system produces a set of external imperatives on states that demand a systematic set of responses, thus licensing the notion of the state as an 'autonomous

actor pursuing goals associated with power and the general interests of the society' (Krasner, 1988).

While the aforementioned tenets link the two Realisms, certain Classical Realist assumptions were discarded via Waltz. Firstly, the pessimistic account of human nature which accompanied Classical Realism was jettisoned. Of the two sources of conflict in international affairs – namely human nature and anarchy – only the latter was required by structural realists. Secondly, and relatedly, rather than looking to history, philosophy, and political science for insight, Waltz looked to economics to provide the foundations for his way of thinking of IR. The assumption of unitary state rationality became wedded to a set of tools and concepts borrowed from economics, including rational choice theory, expected utility theory, the theory of the firm, bargaining theory, and game theory. In effect, while the core of Realism remained intact in the form of the five tenets cited above, the ontological, epistemological and methodological foundations of Realism were recast in 'scientific' form.

Waltz's endeavour represents a defining moment in IR theory not because he was the first to propose system-level explanations, but because he isolated such explanations from other 'levels' and sought to hive off the international level as the only proper genuine form of explanation in IR. Other scholars, - such as Morton Kaplan, Richard Rosecrance, J. David Singer, Karl Deutsch and Bruce Russett,<sup>2</sup> - had drawn on economics (especially game theory) to develop international political theories. However, for Waltz, all these attempts fell afoul of the sin of 'reductionism,' which involved defining the system in terms of the attributes of the units.

Waltz's formulation of 'reductionism' is the key to understanding his enterprise. In order to avoid this problem, he insists on a rigorous application of the principles of formal equality of units (states) under conditions of anarchy, and fundamental similarity of unit behaviour (security maximisation). All attempts to efface this equality in order to introduce variations on units are deemed reductionist and hence belong to a realm other than IR theory. In addition, the problem of manifest unit-level differences is resolved by noting that although 'capabilities' are a unit-level phenomenon, the 'distribution of capabilities' is a system-level concept. In this fashion, it becomes possible for Waltz to discuss capability without having to resort to the unit-level, since capability becomes an inherently relational concept.

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<sup>2</sup> See the essays in Guilhot 2011 for discussion of these authors and their contribution.

### **Bringing history back in – From Realism to Historical Sociology in IR**

Given Structural Realism's self-image, successive criticisms of its (successful) colonisation of the space of mainstream IR can be usefully thought of as various attempts to 'bring history back in.' From within the mainstream of American political theory, Waltz's ideas had challengers from those who focussed on bureaucratic decision-making (Alison, 1971), and those who focussed on the psychological biases of policy-makers (Jervis, 1976). The English School developed across the Atlantic, softening the austerity of Structural Realism by attempting to specify 'logics of anarchy' (Bull, 1977). Wendt's Social Constructivism criticised Waltz's 'reproductive' logic, and attempted to outline a 'transformative' one, capable of explaining systemic change rather than assuming it away (Wendt, 1999). Variants of English School and Constructivist approaches rose as a strong challenger to Realism, insisting that norms, ideas, ideologies, and culture, must all enter into IR analysis at the level of theory, not just in token form.

However, while these responses to Structural Realism opened up the space for history to matter to IR, they tended to be somewhat conservative in their goals. The contributions of scholars such as Wendt appeared to want to offer a half-way house between Realist assumptions of the pervasiveness of war, and Liberal ideas about the peace-inducing effects of liberal institutions. Connected to this was a methodological issue – the turn to 'history' was of a very peculiar sort, with a strongly idealist bent. Ideas, culture, norms and rules, were all said to matter, but since the former could all be conceived of in a multiplicity of different ways, the Constructivist approach to IR seemed to license a kind of pluralism which made it open to charges of eclecticism.

What seems to be lacking in the aforementioned approaches is a genuine historical *sociology* of geopolitics and geopolitical systems. The desire to recast IR theory as the search for historical international systems, as opposed to discovering *the* timeless essential system, is a laudable one. However, while Liberal and Constructivist approaches within IR place the societal foundations of international systems at the forefront, they remain susceptible to the charge that they are additions to, rather than

critical of, Realism's conceptual foundations. The project of specifying 'logics of anarchy' remains within the theoretical orbit of Realism, thus circumscribing the analysis from the beginning and inviting sceptical responses from Realists.

More critically, scholars influenced by Marxism in IR have attempted to reorient the field away from the timeless anarchical structure of the international system. For while Marxism has had a chequered history in intellectual circles, mainly due to its erroneous prediction of a collapse of capitalism and transition to socialism, the Marxist analysis of capitalism as a mode of production offered a powerful way to rethink the sources of world order. Key to this was to shift away from studying history in order to validate the theoretical premises of Realism, towards specifying the difference the development of capitalism had made to international politics. Capitalism and the concept of 'modernity' were re-introduced as the master categories which stood in need both of explanation, and as principles which would expose the nature of different world orders.

The incorporation of Marxist insights into IR has typically centred on how to conceive of the relationship between the development of capitalism on the one hand, and the state and state-system on the other. Marx and Engels's own forays into this subject left a somewhat tangled legacy for later scholars to grapple with. As has been noted many times, neither engaged systematically with the issue of how capitalist social processes were spatially structured over time (Kandal, 1989), and they tended to fall back on the liberal cosmopolitanism that pervaded the 19<sup>th</sup> century in which they wrote. This was especially prevalent in their initial formulations in the *Communist Manifesto*, in which competitive accumulation driven by the market would compel global synchronisation as societies underwent capitalist transformations. Although state bureaucracies underpinned the power of capital, militarized inter-state conflicts would give way over time to polarization between consolidated classes, eventually producing class struggle on a global scale and the possibility of worldwide socialist revolution.

The events of the late-19<sup>th</sup> and early 20<sup>th</sup> centuries prompted the inheritors of Marx's ideas to deal more systematically with the question of geopolitics. From the 'scramble for Africa' to WWI, Marxists attempted to develop the notion of 'imperialism' as a stage of capitalist development, linked to the world depression of 1873-98. For thinkers like Hilferding, Bukharin, and Lenin,<sup>3</sup> the era of free competition

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<sup>3</sup> See Brewer (2000) for discussion.



was over and the late-19<sup>th</sup> century was characterised by the centralisation and concentration of capital – the era of ‘monopoly capital.’ Hilferding’s notion of ‘finance capital’ expressed the idea that finance and industrial capital had fused together, yielding a powerful block of interests that sought to capture state power in order to use it to advance expanded capital reproduction. Bukharin and Lenin extended this conception to argue that declining competition within the state had as its corollary increasing competition among gigantic state-capital combines. This yielded dynamics of domestic protectionism, and international imperialism – the goals being export of goods and capital, and control of raw materials. As inter-firm competition was displaced into the international arena, the latter became characterised by ‘inter-imperial rivalry,’ eventually coming to a head with WWI (Brewer, 2000).

Such ideas have since been subjected to resounding critique (ibid). A basic conceptual failure haunts them, namely the lack of inquiry into why the nation-state should be the particular spatial organisation of capital in the first place (ibid, 122-23). This has led to various charges that Marxist thought is incapable of dealing with geopolitical dynamics, except via the debunked theory of imperialism (Morgenthau, 2007 (1948), 58-67). However, during the 1960s, the development of World Systems Theory (WST) incorporated some of the insights of classical Marxism to construct a systematic theory of geopolitics (Wallerstein, 1974). Central to WST was the concept of ‘world system,’ with the system of national states understood as the necessary form of politics that capitalism takes (Chase-Dunn, 1991, 107). With the pre-modern period characterised by ‘world empire,’ the fragmentation of political space evolved over time to be the most functional mode of spatial organisation for capital accumulation, with capitalists having a vested interest in preventing the reversion of political space to world empire since it would diminish their power (Chase-Dunn, 1991, 109-150).

Despite offering a theory of geopolitics, WST’s legacy for Marxism is dubious. This is because of its openly functionalist derivation of political space from the development of capitalism, with the latter concept being construed in a way which leaves it vulnerable to the charge of ahistoricity. The same problem that dogged classical Marxism persists – the derivation of political space from a concept of capitalism, even one which is radically un-Marxian in many respects.

Contemporary Marxist HS in IR developed a new turn in the early 1990s. Here, the work of Fred Halliday (1994) was instrumental in laying foundations, calling for a ‘necessary encounter’ between Marxism and IR, as was the work of Rosenberg. The

latter's *Empire of Civil Society* (1994) pioneered a new approach to IR, at once criticising Realism and also developing a historical typology of geopolitical systems and the modes of production which were constitutive of them. Rosenberg's key insight was that the modern capitalist international order was a structural novelty compared to the pre-capitalist systems that came before it. The core distinction here, based on the work of Wood (1981, 1995), was between the personalised relations of domination that characterised pre-capitalism, and the impersonal modern sovereignty that accompanied the separation of the economic and political under capitalism. The concept of anarchy in IR finds its counterpart in the anarchy of the marketplace under capitalism, and is actually derived from the latter, since Realism's anarchical world is premised on the abstract notion of the state that emerges with the separation of the economic and political.

While these trends in Marxist state theory and Rosenberg's intervention in IR marked significant advances over previous economic reductionist Marxism, they still did not pose the question of geopolitics in a way that broke with problems of functionalism and structuralism. The question of the state and state system remained defined by its relation to capitalism in an abstract sense. In Rosenberg's expression, the state and state-system were 'a geopolitical expression of a wider social totality,' always derived from the master-analytic of the 'capital relation.' However, this latent functionalism flounders on the historical fact of the state-system's non-coincidental development with capitalism. If the changes to political space that are constitutive of the modern state-system have their genesis prior to the rise of capitalism, then we need a more dynamic and historically sensitive account of the relation between state, state-system, and capitalism. As Lacher puts it, we have to conceptualise the 'totality of capitalist social relations in ways which allow for the recognition that not every organizational or institutional form of our epoch was itself brought into existence by capitalism' (2006, 58).

The theoretical problems with the foregoing Marxist accounts of IR prompted the further radicalisation of Marxist IR by Teschke (2003) and Lacher (2006). For these scholars, the question of why capitalist space was fragmented in the first place was conceived as a critical one, to be fore-grounded rather than dismissed or downplayed. Teschke's contribution was specifically designed to extend what he saw as the promise of Rosenberg's work. It draws on the tradition of 'Political Marxism' to suggest that the politics of class-contested social property relations provides the key to differentiating

path dependent institutional matrices, which result in different geopolitical strategies of reproduction. In historical terms, the transition to capitalism in England generated a qualitatively different form of society to those on the Continent of Europe, and led to the former having specific foreign policy strategies which stemmed from this difference. Prior to this, geopolitics was defined by the feudal structures which characterised most of Europe, giving rise to specific strategies of ‘political accumulation’ by feudal lords (Teschke, 2003, 46-75).

Contra most previous work in Marxism, Teschke and Lacher accept that the state system developed historically prior to capitalism, and that the capitalist mode of production was ‘born into’ a structure of political space that was not of its own making. This coincides with a notion of capitalism as a ‘logic of production,’ rather than of exchange. The upshot of this is that a particular way of framing the question of the relation between capitalism and the state system is conceived:

‘Since the states system was not “the obverse side” of capitalism, but the cumulative consequence of century-long medieval and early modern class conflicts over rights of domination and exploitation over land and people, which finally crystallized in a plurality of militarily competing dynastic territories, the interrelation between capitalism and the states system is not theorized in terms of an invariant capitalist structural functionalism. It is rather conceived in a processual perspective that is attentive to the protracted expansion, transformation, and sometimes negation of capitalism within a territorially prefigured geopolitical pluriverse that itself underwent manifold alterations in the process. Capitalist expansion was not a transnational and even process, generating a world “after its own image,” but refracted through a series of geopolitically contested encounters between polities with diverse results in different regions of the world. This opens up a nondeterministic perspective on the historically changing geopolitical strategies of reproduction and the construction of variable capitalist territorial orders by and between capitalist states’ (Teschke, 2008, 178-179).

Lacher’s work also starts from the premise that the inter-stateness of capitalist space is a legacy from pre-capitalist times. Even if capitalism cannot, in principle exist without the state, the states and the relations amongst them do not exist in a functional

relationship to capitalism. Not all social forms of ‘really existing capitalism’ are necessarily ‘emanations of the capital relation’ (Lacher, 2006, 60). Rather than seeing everything in capitalist society as being ‘internal’ to capitalism, we need to refocus on the question of how social forms which existed prior to capitalism are in a constant process of becoming *internalised*. This process is ongoing, contradictory, and yields different historical possibilities over and over which must be grasped *historically* as agents struggled with them. In other words, the question of internalisation becomes *a problem*, rather than an event which has already occurred, with a stable relationship between capitalism and pre-capitalist social forms established.

This involves moving beyond conceiving of the structuring of capitalist space according to dichotomous schemas derived from logics of capital or state-system, towards looking at ‘the changing *spatialization strategies* of states, classes and firms, which structure successive historical epochs’ (ibid, 121). Such strategies must be reconstructed against the background of the fundamental fact of capitalism’s birth into a pre-structured space. In other words they ‘may be understood as different ways of dealing with the fundamental tensions and problems which the territorial non-coincidence of capitalist statehood and world economy poses to actors’ (ibid).

This then provides an important background for understanding the *Pax Americana* era. For right at the centre of this US-led spatialisation strategy was the issue of how to complement the expansion of world trade with the stability of state-society complexes. Contrary to ideas of spaceless universalism or ‘globality,’ the question of organising political space was fundamental for US planners. Numerous scholars have pointed out that the Bretton Woods system was the first genuine attempt to organise an inter-national world economy, insulating national economies from the world market to ensure stability. The core of this attempt has usually been seen as the creation of mechanisms which allowed exchange rates to adjust to account for differences in comparative advantages, and the control of capital mobility to prevent speculative attacks on currencies. These international institutional initiatives are taken to be the foundation for the spread and expansion of capitalist relations across the globe without relapse into major war or a depression like the 1920s.

However, this picture misses an important part of the story of the US strategy of spatialisation. For between 1940 and 1950, the US did not just assume leadership of an already developed world economy, as a simplistic understanding of hegemonic transition might have it. The US’s spatialisation strategy during this foundational period

was far more interventionist and *creative*. This was necessitated by the way that the reconstruction of political space had come to assume such importance in the ongoing development of world historical capitalism, and this posed unique problems for the US in its drive to organise the political space of ‘world trade.’ We now turn to a classic Marxist attempt to theorise this spatial strategy.

### **Transnational Class formation as the foundation of US spatial strategy? Van Der Pijl’s *Making of an Atlantic Ruling Class***

Van Der Pijl’s seminal contribution *The Making of an Atlantic Ruling Class* (1984) lies roughly in the tradition of neo-Gramscian Marxist IR scholarship. Gramsci himself had offered some analysis of the US path of capitalist development, comparing it with what he saw as the European one. Contrary to Europe, the US lacked ‘feudal vestiges’ and thus the ‘burden’ of a pre-capitalist legacy (Gramsci, 1971, 285). This signified the specificity of a peculiarly American capitalism, pointing towards a marked difference between 19<sup>th</sup> century European developments and 20<sup>th</sup> century USA. Gramsci also understood that America’s particular brand of capitalist development would change Europe, even from his vantage point in the early 20<sup>th</sup> century. Thus he laid the groundwork for understanding the global order that took shape during the rest of the 20<sup>th</sup> century as a process of the US extending its hegemonic control over Europe via primarily economic means (ibid, 317).

These themes were expanded on by Robert Cox in his landmark neo-Gramscian study (1987). Cox developed Gramsci’s notion of hegemony, and combined it with the concept of a ‘structure of accumulation.’ Broadly speaking, hegemony is conceived as a confluence of material and ideational elements which bind together systematically. Transposed to the global level, this implies a master-category of ‘world hegemony,’ composed of social forces, states, and (potentially) supra-state institutions. Socio-economic relations are conceived as a ‘structure of accumulation,’ which is composed of a configuration of ‘modes of social relations of production.’ In Cox’s original scheme, he identified twelve separate ‘monad-modes’, all of which could co-exist in a society at any time, with one mode dominant and the state organising the inter-relationship of monad-modes (this is the ‘structure of accumulation’). This produces an identity for the state, which projects its ‘structure’ outwards into the global arena, along

with the actions of a transnational class which also radiates its specific configuration of accumulation practices outwards.

Constructing hegemony typically takes the form of the transnationalising class and its home state using supra-state ('international') institutions to absorb non-hegemonic state elites and manage the system of states. Gramsci's concept of an 'historic bloc' is thus writ large globally, as both public (e.g. World Bank, UN) and private (e.g. Trilateral Commission, Bilderberg Group) fora provide conduits through which hegemony is solidified and exercised. The effects of this constellation place pressure on non-hegemonic states to adapt their 'structures of accumulation' to the hegemonic bloc via state-led transformative processes and 'passive revolution.' Thus the Neo-Gramscian concept of hegemony is significantly richer than either the Realist or WST one, involving complex and overlapping chains of relations between hegemonic and subaltern states. Importantly, hegemonic power also involves the universalisation of the particular state-society complex that defines the hegemonic power.

With respect to the US in the mid-20<sup>th</sup> century, Cox's programmatic sketch of things asserts that the US projected its own state identity outwards via a number of mechanisms. Of these, foreign aid programs were the most important, and thus the 'principle instrumentality through which the US shaped the postwar economic order was the Marshall Plan' (ibid, 214). The US state was characterised by its 'neoliberal' form, as opposed to the neo-mercantilist form that late-developing states tended to take. This bifurcation is in keeping with Cox's overall historical narrative, where liberal forms of statehood and governance are the province of successive hegemonies in the form of Britain and the USA. These liberal forms are spread outward, along the 'transmission belts' of the inter-state system and various supranational organisations.

Van Der Pijl's study builds on these ideas, focussing especially on the attempts by British and American elites to form transnational bonds. These efforts were led by the American side, as during WWII they coveted the British Empire, and secondarily the other European empires (Van Der Pijl, 1984, 115-120). At this time, US planners wanted to incorporate the USSR into a US led order, and they acted to increase the 'penetration and modification of Soviet conduct' (ibid, 132). However, the end of the war saw an increase in labour militancy within the US, and this broke the internationalist consensus that had pushed for the USSR to be incorporated. Anti-communist sentiment became the order of the day, both at home and abroad (ibid, 133-

4). This coincided with the revival of European sphere-of-interest politics, which ‘collided’ with Roosevelt’s universalist ambitions, leaving the US liberal universalist project in a bind (ibid, 135).

US labour militancy was matched by labour militancy across Europe, as social democratic and religious groups organised reconstruction after the war. The US political apparatus was in the hands of ‘a conservative, domestically-oriented configuration of the bourgeoisie’ (ibid, 138-9), with the US turning ever inward due to labour strikes, which provoked the Taft-Hartley Act in 1946. There was a ‘loss of impetus abroad,’ as the US’s key projects such as the World Bank, IMF, and International Trade Organisation, ‘ran into the increasing sphere-of-interest compartmentalization of the world economy’ (ibid, 143-45). From here, van der Pijl asserts that an ‘Atlantic connection dating from interwar years’ re-asserted itself, with 1947 a key turning point (ibid). It was in this year that the internal contradictions in US politics were resolved, as ‘a broad agreement between the traditional internationalists and the nationalists strong in the Republican Party was possible’ on the basis of anti-USSR anti-communist rhetoric (ibid, 148). Thus van der Pijl reads the development of US to the USSR as a necessary political step by internationalists to gain the support of nationalist elements within the American polity for their programs.

The resulting Marshall Plan of June 1947 set in motion the ‘Americanisation’ of Europe, and the extension of US hegemony. The influx of American aid affected numerous qualitative changes in the European countries, restructuring production lines with American managerial methods, and restructuring unions to defuse labour problems (van der Pijl, op cit, 150-56; Rupert, 1995). The Marshall Plan instantly ‘coincided with an increase in domestic real-capital formation and, a sharp improvement of the US trade balance’ (ibid, 158), a sign that the US-led global order was taking shape. Crucially, van der Pijl notes an inherent paradox in the Marshall Plan program: it was intended to liberalise European trade, create a single market, and challenge the state monopoly tendencies which had characterised European capitalism since the 19<sup>th</sup> century. However, in order to combat war devastation and kick-start the European economies, heavy investment was required in infrastructure, and this had to be largely state-directed (ibid, 160).

Despite this, van der Pijl sees the late 1940s as a time when ‘the Marshall offensive synchronized ruling-class hegemony on an Atlantic level by undermining the specifically national class configurations and bolstering the liberals in those parties in

which they were active' (ibid, 177). Hence the story of US hegemony is as much a story of the rise and entrenchment of European liberal classes as it is of US elites. As van der Pijl reads it, the history of the 1950s was dominated by the revival of 'sphere of politics' trends in Europe, and US attempts to overcome or channel such trends in ways conducive to its hegemonic project. Only in the 1960s did the 'Kennedy Offensive' manage to reinvigorate the Western bloc's cohesion, once again deploying anti-Communist rhetoric to bind countries against the USSR (ibid, 178).

Van der Pijl's work introduces important ideas in constructing a Marxist account of the post-war era of *Pax Americana*, connecting domestic US politics to its attempt to construct the politics of capitalist space. However, in adopting his transnational classes perspective, he misconceives of the role of European liberal elites in the construction of US hegemony, according them far too great a role. As we will see in chapter 4 of this thesis, the period of 1947-50 was not one where liberal European elites simply gained ascendancy as a natural corollary to US internationalists. We will also see that van der Pijl overstates the efficacy of the Marshall Plan in binding Europe into a US-led global order, and in overcoming the contradictions of US domestic politics. In fact, right up until 1950, US internationalist goals were far from certain, as especially Britain threatened to break free of US planning goals.

On a theoretical level, these historical problems stem from the way that neo-Gramscians deploy the concepts of hegemony and structure of accumulation. These concepts tends towards obscuring political contestation within the state, whilst also assuming that class interests expressed via the notion of 'liberal' forms of governance supersede the immediate institutional environment of the state. In other words, the notion of 'transnational class formation' overstates the degree of homology between capitalist production methods and liberal governance on the one hand, and the coherence of intra-transnational class coherence on the other.

These problems lead van der Pijl to rely too much on 'economic' forms as the means by which the US managed to resolve the problems of the late-1940s. This is implicitly recognised in the contradiction he points out between universalising liberalism and the need to rely on European states to reconstruct Europe. In fact, this contradiction confronting US planners as they attempted to construct a coherent strategy for managing capitalist space was a symptom of a broader problem, namely that US hegemony and a liberal order could not be secured by primarily economic means. The



mechanisms required to construct European capitalist space were of a different order, as we will later demonstrate.

### **Towards a disjunctive theory of the state**

The student looking for a Marxist conceptualisation of the state confronts a simple problem – there is no single theory available. As Barrow avers,

‘critical theory should be viewed as a matrix of logical antinomies yielding five distinct approaches to the state: instrumentalism, structural functionalism, derivationism, systems analysis, and organizational realism’ (Barrow, 1993, 146).

Primarily, Marxist state theory has been concerned with explicating the nexus between state and the capitalist class, hence the notion of a ‘capitalist state.’ This raises the crucial issue of how the interests of the capitalist class become manifest in state policy. Roughly speaking, how any of the positions Barrow sketches out answer this question is determined by whether they see a *conjuncture* or *disjuncture* between state and capital. The former would entail that the state succeeds in realising the interests and designs of the capitalist class, whereas the latter would entail the opposite. Barrow charts the five positions along an axis of conjuncture/disjuncture between state and capital, with Instrumentalism at the extreme conjunctural end, followed by Structural Functionalism, with Derivationism occupying a middle ground, and Organisational Realism and Systems Analysis at the disjunctural end (ibid, 147).

Despite Barrow’s association of Organisational Realism and Systems Analysis with the concept of disjuncture, and the problems associated with these two positions, the idea of a disjunctural relationship between state and capital is important. Given that capitalist social relations were born into a pre-existing set of institutions, the idea of a conjuncture between state and capital is dubious. No doubt the significance of a *capitalist* state is important analytically, but it does not follow that we should conceive of the state as being a simple reflection of the interests of capital. As such, the ‘capital-relation’ theorists are correct to insist on the relative autonomy of the state.

However, such ideas do not go far enough, since they invite an alignment with neo-Weberianism. The ‘institutional turn’ in American social science during the 1980s

had already taken advantage of instrumentalist tendencies in Marxist theory to dismiss its ‘society-centredness.’ Neo-Weberians have long insisted on the autonomy of the political, and worse still, it opens up an alignment with Realism in IR theory. In this respect, we need to think through more fully what it means to take the disjuncture of state and capital seriously, without turning towards Neo-Weberianism/Realism.

Here, Mitchell’s (1991) critique of Skocpol’s work provides a useful set of tools. As Mitchell notes, the history of the state in academia has undergone two main shifts – firstly it was abandoned in favour of the concept of ‘political system,’ before being ‘brought back in’ later on. However, exemplars of both lineages of thought on the state exhibited a similar problem – namely that they could not seem to draw a line between the concept state/political system and the externalities to this concept, e.g. society/social/economic. For adherents of the notion of ‘political system,’ the price of exorcising the state was a reinvention of the wheel as the boundaries between systems became impossible to draw. Thus theoretical statements attempting to delineate exactly where the ‘political system’ in a country came to an end were often discarded when the time came to examine empirical instantiations of the concept at work.

Similarly, even the best work in the ‘statist’ literature (Skocpol) found it hard to justify treating the state as an ‘autonomous’ arena of action. For while the need to ‘take the state seriously’ was motivated by viable enough concerns, the question of what exactly constituted the state and how it was to be cordoned off from other ‘societal’ determinations was impossible to resolve. Crucially, for systems’ theorists and statist theorists, the political system/state was reified into an entity which possessed its own ‘agency,’ thus re-creating problems of voluntarism (which Skocpol had been especially keen to avoid), and idealism (a result of the ascription of a ‘state manager’ mentality to state officials).

Skocpol’s case studies are especially revealing (1979), in that empirically they offer a very rich account of the French, Russian and Chinese revolutions, but are at odds with her theoretical statements at the beginning of the text. Her goal is to explain these revolutions by focussing on autonomous states and their collapse as a result of internal flaws, as opposed to ‘society centred’ accounts which focus on broader class conflicts. While Skocpol doesn’t discount the latter, she theoretically hives off the state as a hermetically sealed arena subject to its own laws of motion, which only interacts with societal pressures in a limited way. An important step for her here is to delimit the state from the political system, with the former comprised of a set of ‘administrative, military

and policing organizations headed, and more or less well coordinated by, an executive authority' (Skocpol, 1979, 29). However, as Mitchell points out, this distinction is never properly carried through in the rest of the work, especially since at various points the term 'monarchy' comes to replace 'state' (Mitchell, 1991, 87).

This move quickly licenses the ascription of an ideological hue to 'the state,' now cast in terms of the monarchical penchant for warfare and statist-led economic development. Especially as she explains the French Revolution, this move licenses various slippages. We are told that the decline of the French state prior to 1789 was due to its involvement in costly wars, and that this was 'necessary for the vindication of French honor on the international scene' (Skocpol, 1979, 60). However, at the same time we are told that another factor was 'the protection of seaborne commerce' (ibid). Thus a potential rift is opened in the account – firstly an explanation of the warring nature of the Bourbon monarchy is offered in terms of its thirst for war and honour, but then possible 'societal' determinants are alluded to, but never explored. The question of the possibility of a social matrix within which the commercial/mercantilist/warfare nexus of the Bourbon state could be understood is never broached, and ultimately a narrow, subjectivist, and self-referencing image of war-like behaviour is ascribed to the state.

In further contradiction with her notion of an 'autonomous' state, Skocpol's account of the revolutions she studies show that the pre-revolutionary states in her case studies constantly 'overflow,' and that the relationship of the state to landed classes renders it at once less provincial and more amorphous than Skocpol would have. Overall, the thrust of her study seems to show that it is not the 'autonomous state' in each case which determines the trajectory of the country in question, but the articulation of the state within its social setting.

Hence it is one thing to insist that state institutions not be 'reduced' to other institutions, but quite another to reify the state as an entity with a 'will' or laws of motion of its own.

Having noted the paradox that the more that the state is defined as autonomous, the more statist scholars are forced to bring in non-state determinants into their explanations, Mitchell concludes that the enterprise of delimiting the state/society boundary is a fruitless one, destined for failure. However, the purpose of this critique is not to advocate a return to 'society-centred' approaches, especially the deeply problematic approaches that Skocpol criticised so effectively. Rather it is to point out

that Skocpol cannot actually sustain her own theoretical position – she is forced time and again to water down the notion of ‘autonomy’ in her historical narrative.

Thus the picture of ‘autonomy’ that Neo-Weberians offer must be rejected. However, what does this entail for conceiving of the state? How can reductionism be avoided? In the first instance we can note that the juxtaposition between Marxist instrumentalism on the one hand, and Weberian autonomy on the other, leaves out the importance of the capital-state relation that more sophisticated Marxists like the ‘capital relation’ theorists above draw attention to. For if we divide state/society so that the state is the realm of geopolitics, security, military strategy, and society is the realm of economy and capitalism, then we ignore the role that the state has in organising the capitalist economy. However, this involves more than just assuming that the state handles the ‘security’ of the ‘internal’ sphere – i.e. simply safeguards property rights and the rule of law. For the history of capitalist development is also the history of the state’s ability to ‘manage’ the entire process of capital accumulation, conceived at the aggregate level. This requires accepting that the development of a coherent notion of the ‘national economy’ went hand in hand with the development of administrative techniques to manipulate the economy. The theorisation of the business cycle and the development of macro-economics as a distinct sub-discipline in the field of economics, are the intellectual manifestation of this.

The historical proliferation of a range of ‘regulatory’ apparatuses for *constituting* capitalism (which is different to a notion of ‘freeing’ the market) is a vital link between state and society. For it highlights a paradox of the capitalist state. On the one hand, the separation of the economic and political gives the state a form of relative autonomy, creating a sphere of private accumulation that was not the general form of economy under pre-capitalist systems. However, the development and expansion of a layer of agencies which interface the state with the ‘economic’ mean that the state’s penetration into society is also of a qualitatively different form that in pre-capitalist societies.

One of the more sophisticated Neo-Weberian scholars, Michael Mann, has developed a typology for dealing with this issue. Mann (1984) makes a helpful distinction between two different meanings of state power—*despotic* power and *infrastructural* power. By despotic power, Mann refers to the organizational capacity of state elites to rule unchecked by other centres of power or by civil society. Infrastructural power, in contrast, refers to the positive capacity of the state to “penetrate civil society” and implement policies throughout a given territory. Thus a

capitalist state has a greater degree of infrastructural power than previous states, and the extent to which this form of power increases will be historically varied across different capitalist states.

However, this creates the possibility of conceiving of the history of the capitalist state in a different way to the Neo-Weberians. Rather than beginning from the conceptualisation of state and society as autonomous spheres with different logics, or the collapse of state into society via instrumentalism, we can chart historically the interfacing of state and society via the creation of infrastructural power. In this respect, the boundary line between state and society is never drawn, but is constantly being created and re-created as state agencies are created and evolve to deal with societal dynamics. This does not render state and society the same thing – a vague boundary is still a boundary – but it does make attempts to conceive of the state itself as ‘autonomous’ redundant.

In fact, the concept of autonomy itself is best understood not to apply to the state itself as an entity, but as a goal which bureaucratic agencies compete for. This notion of ‘bureaucratic autonomy’ has been developed by American historians (cf. Carpenter, 2001), and is especially applicable to the US capitalist state. The proliferation of agencies which interface the formal US state with civil society has been quite dramatic since the late-19<sup>th</sup> century, yielding a Leviathan that is deeply un-Hobbesian in its anti-despotic manner, yet powerfully present in an infrastructural sense. As recent historical work has shown, these sub-state institutions have served to enhance and extend the scope of federal power, rather than diminish it (Novak, 2008). Similarly, the central role of law-making in state formation and policy development has been a conduit through which central state power is exercised.

To sum up then, rather than conceiving of the state and society in terms of pre-conceived spheres with their own ‘logics of action,’ one way of dealing with the capitalist state is to look at the strategies that situated actors develop to deal with the problem of interfacing state and society. The choice between specifying a logic of capitalism which imposes itself upon the formal state, or autonomous spheres of state and society, must be superseded. The ongoing construction of the capitalist state has to be understood as the evolution of disjunctive apparatuses which attempt to carve out autonomy for themselves as they construct their understanding of the state-society nexus. Thus the disjuncture is not just between state and society, or state and capital. The disjuncture constantly ramifies itself through these relationships over and over.

This disjunctive relationship also works in the other direction. Rather than conceive of foreign policy formation as being simply a matter of reflective response to external stimuli by state elites, we have to recognise that these very same state elites are part of an entire web of dense institutional connections which provide a context for their decision-making. Even at the very apex of the state, where arguably the executive branch is most ‘distant’ from societal pressure, the nexus of state-society still matters. As will be shown in this thesis, the intertwining of domestic and foreign policy determination is an inescapable feature of modern capitalist states (especially ones with high levels of democratic legitimacy). In this respect, the twin markers of the capitalist state, - namely the separation of economic and political, and the transition from despotic to infrastructural power, - point us away from Realist IR theory.<sup>4</sup>

### **The Political Economy of War/National Security**

The cross-fertilisation of IR with other disciplines has produced a wealth of different approaches and perspectives to its key concerns of war and peace, and patterns of global order. However, while ‘critical’ approaches abound, it is arguable that many of them subconsciously adopt problematic Realist-inspired ideas about these core concepts, especially the concept of ‘war.’ If mainstream IR theory has had as its goal some form of ‘general theory of war’ and the determinants of war, then much critical theory has attempted to simply ‘add-on’ more determinations to this research programme, or subsume it within a broader theoretical edifice. However, in accepting the Realist-inspired premise that ‘war’ is a macro-sociological category that is amenable to treatment in a singular sense – i.e. as a stable object of inquiry – even approaches that insist on destabilising Realism’s core assumptions will end up adopting them through the back door. What is needed is a far more radical questioning of the entire project of a ‘general theory’ of war and peace.

Decoupling critique from the ‘systems’ ontology of Realism can partially be accomplished by shifting the focus to foreign policy formation – precisely the terrain that Waltz explicitly abandoned. However, a return to a Von Rankean-style ‘diplomatic history’ analysis, with its turgid exhaustive narrativity, would be most unwelcome. As such, what is required is a genuine political economy of national security formation, and

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<sup>4</sup> And ironically, given that the concept of ‘infrastructural power’ comes from Mann, away from Neo-Weberian ideas of state autonomy.

especially the conduct of wars. While the IR sub-field of IPE has blossomed into a distinct field of its own in the last decades, and has provided much needed analysis of global economic relations, only recently, and in scattered fashion, has there been interest in integrating IPE and the study of (inter-)national security formation (Baldwin, 1997; Kolodziej, 1999; Smith, 1999).

Scholars working in the Constructivist tradition (Ruggie, 1998, Wendt, 1999) have often led the way in this respect, aligning roughly with the concerns of foreign-policy analysts who advocate an ‘actor-specific’ approach (Hudson, 2005). Such work tends to reject the mapping of a ‘structure-agency’ framework on top of the domestic/international divide, since this tends to place ‘structure’ on the ‘outside’ (or as a ‘system’), and ‘agency’ on the ‘inside’ (as ‘politics’). This fails to recognise that there is ‘structure’ all the way down, as it were, to the most basic level of political interactions. Indeed, the ‘structures’ of the domestic state are clearly the most immediate and obvious ones that confront foreign policy actors, rather than the abstract ‘structure’ of the ‘international system.’ By setting up the dichotomies of ‘structure-agency’ and ‘constraint-voluntarism’ in a way that privileges the putative macro-structures of the international system that govern social life, Realist-inspired IR sidelines a political economy approach to foreign policy analysis from the outset. This gives the false impression that the only type of systematic inquiry into IR must be of a systemic nature, as though focussing on formation of foreign policy were somehow to ‘messy’ and random to produce theoretically controlled knowledge.

This recent IPE concern with the political economy of security issues has dovetailed with a recent return within mainstream IR to themes of classical Realism. Recognising that the system ontology of structural Realism is problematic, a number of IR scholars have recently developed various ‘neo-classical Realist’ positions (Brawley, 2009; Lobell et al, 2009). Although this literature is diverse, and philosophically eclectic, it is nonetheless bound by a recognition that national security policy formation is, like other areas of public policy, an historical process involving actors engaged in the pursuit of often contradictory political agendas. However, despite this, neo-classical Realist still tend to deploy crude macro-categories to pigeon-hole domestic sources of foreign policy, such as characterising states as ‘revisionist’ and ‘status quo’ (Schweller, 2003). This produces a latent functionalism in which states are once again relatively passive recipients of pressures emanating from their ‘position’ in the international order,

pressures that are always simply given by systemic pattern of rising and falling great powers (cf. Gilpin, 1981).

Although this mainly IR-based literature has questioned the ‘unitary state’ and its ‘national interest’ effectively, it has nonetheless not gone as far as IPE approaches. It is arguable that a strong tradition of scholarship examining domestic sources of foreign policy existed long before IPE became a field in its own right. Typically, such scholarship took its cue from E. E. Schattschneider’s work on the politics of tariff formation during 1929-30 (Schattschneider, 1935). In a nutshell, he argued that sectors of the economy that compete with imports will tend towards protectionism, while those that are geared to exports favour free trade policies. Such sectoral pressure works its way up through local politics to affect overall national strategy, since if many politicians who represent constituencies focussed on imports gain political power, they will advocate higher tariffs. In the case of politicians representing export-oriented areas, the situation is reversed and they will argue for lower tariffs, as is economically rational. Hence domestic political economy affects foreign policy formation.

This type of sectoral approach has been kept alive in IPE as an important counter to IR Realism (Frieden, 1988; Cox, 1996; Skidmore, 1997). Its challenge to mainstream IR can hardly be overstated. Other approaches have ‘added’ domestic determinations to Realism’s core concern with a unitary ‘national interest,’ while to maintaining the idea of the latter itself, and tending to read the policy formation process as one which places constraints on what actors can achieve as they struggle to react to the pre-determined national interest. Sectoral approaches to foreign policy formation abandon the very idea that the national interest is pre-given, and treat the policy formation process as a fundamental determinant of the interest itself. The aggregate actions of situated agents with political agendas produce state behaviour, and the national interest is merely the veil behind which these actions coalesce. The concept of ‘security’ itself is now a product, rather than a driver of events.

One of the most provocative interventions in this respect has been Kevin Narizny’s attempt to derive ‘Grand Strategy’ from a sectoral political economy approach (2007). Focussing primarily on the cases of the US and Great Britain during their periods of respective hegemonic rise and fall, Narizny offers a systematic account of patterns of foreign policy formation with reference to domestic influences in both states. As such, he seeks to take Realism on its own ground, as it were, by claiming that his approach can explain the types of phenomena that Realism concerns itself with



better than Realists can. Narizny defines 'Grand Strategy' as 'the general principles by which an executive decision maker or decision-making body pursues its international political goals' (2007, 8-9). So far this runs the risk of sounding banal, or perhaps somewhat too close to standard elite-preference theories in political science. However, Narizny proceeds to operationalise his conceptualisation of Grand Strategy in various sophisticated ways.

The range of strategies open to great powers is derived from three sources – the degree of activism, the geographical location, and the degree of force. The first source refers to a state's willingness to pay the costs of a particular strategy, with isolationism being the least active strategy. The next source is the great power's location vis-a-vis both other great powers and the 'periphery', or weak states. The final source is a state's willingness to use force to achieve its goals, with three basic levels of force outlined – conquest, coercion, or cooperation. These compartmentalisations ultimately yield a typology of six possible strategies that great powers may follow, in addition to isolationism. These are pre-divided into two groups, each representing the fact that the same state may adopt different strategies towards other great powers than it does towards peripheral powers. Thus towards Great Powers, a state may be: Internationalist (law-based co-operative); Realpolitik (threat-based, coercive); Supremacist (conquest-based, controlling), while towards peripheral powers it may be Internationalist; Interventionist or Imperialist (Narizny, 2007, 11-13).

At the micro-level, Narizny identifies four distinct societal groups which represent sectoral political economic interests – domestic, core, peripheral, military-colonial. These interests have their foreign policy preferences determined by their domestic interests, not by 'national security' demands. If one of the groups becomes dominant within a political coalition, the expectation would be that the coalition would reflect the sectoral group's ideal policy preference. However, Narizny recognises that such purity of purpose is rarely the case in politics, and outlines how compromise strategies within political coalitions form the basis for Grand Strategy preferences towards both other great powers and peripheral states (*ibid*, 22). From here, Narizny outlines a mechanism which connects the politics within political coalitions to Grand Strategy formation, namely the process of selecting party leaders that reflect sectoral interests. In the aggregate, the expectation is that over time, and in a systematic fashion, sectoral political economic interests map onto the ideological preferences of particular

party leaders, right the way up to the top of the Executive branch of government (ibid, 302).

Narizny's work is an important step towards a political economy of national security strategies. However, it is vulnerable to the criticism of economic reductionism that Realists often level at such explanations, despite its sophisticated taxonomies and impressive historical research. It is also vulnerable to the charge that it represents the sectoral groups it outlines in overly rationalistic and mechanistic terms. They are conceived primarily, and sometimes solely, as rent-seeking. Despite his qualifications, the theoretical basis for his work becomes problematic when the partisan preferences he outlines in Grand Strategy don't map onto the preferences of sectoral groups. Where Narizny finds such examples, he neutralises them by claiming they result from imperfections in the process of political selection (ibid, 305). Despite critiquing Realism (successfully in my view) as relying on tautology and *ex post facto* forms of reasoning (ibid, 4-7), Narizny himself adopts such reasoning when confronted with historical patterns that elude the expectations of his theoretical model.

On the one hand, Narizny can be criticised for eliding ideological and material preferences, or even collapsing the former into the latter. Ideology plays a role only in so far as it distributes material preferences amongst coalition members, - a highly instrumentalist view (ibid, 308). That material preferences are in and of themselves mediated via ideology is never entertained by Narizny, and even the lesser qualification that ideology can 'corrupt' material preference is rarely heeded in his account. On the other hand, however, there is a deeper problem with the way that Narizny conceives of the path from sectoral interests to Grand Strategy in terms of fairly linear causation. In this respect, he is guilty of not taking state institutions seriously enough – not in the sense that a Realist would have it, but more in the sense that a classical Weberian scholar might have it. In other words, institutions and agencies of state need to be given their due as evolving but also path-dependent historical processes of their own. This gives them a certain rigidity towards the type of blunt causal force that Narizny attributes to sectoral interests. The latter are often treated in his account as a kind of all-powerful social force that build Grand Strategy from the ground up in intentionalist fashion. Rarely do we get a sense of the institutions of state providing resistance in some cases, opportunity in others, unintended outcomes in others, and so on.

Thus despite the steps taken by Narizny towards a political economy of national security strategy, his account requires theoretical modifications. Sectoral approaches,

while sometimes successful in explaining *particular* instances of foreign policy formation, are less likely to be successful in constructing *long duree* or large-scale understandings of an historical period of great power politics. This is especially so given the development of the modern state form, and especially the institutional density and spread of the modern US state. What is needed is a historical sociological approach which charts the co-constitution of sectoral interests with the ongoing institutional development of state capacities over time.

### **Policy Subsystems**

One way of conceiving of the institutional path dependence that modern state agencies exhibit is to look more closely at one of the core activities that states have traditionally engaged in – namely the distribution of public goods via domestic spending programs. As any public choice theorist knows, domestic spending programs are not just the result of an abstract aggregate provided by a model of what spending should look like. Instead, at any given moment in time they are the result of legislators who seek to increase their electoral standing, interest groups that pressurise elected legislators, and broader public opinion mediated via the political machinations of the media and elite opinion makers. These myriad pressures generate ‘systems within systems’ of domestic spending programs, as the pressures coalesce into overlapping institutional patterns that both reinforce and destabilise each other at different points in time. The constant nature of these pressures provides a certain dynamism to the modern state, since its spending functions are so primary to its nature. State agencies are formed, evolve, devolve, change function, and cease to operate, as actors attempt to navigate the terrain of competition for domestic spending benefits.

One useful way of characterising this complex process is with the notion of ‘policy subsystems’ (Stein & Bickers, 1995). These are ‘networks of relationships among different actors, all of whom have a stake in a policy arena’ (ibid, 4). The importance of this concept lies in the way that policy subsystems present themselves as sets of government programs, which are typically ‘bundles’ of programs. In other words, heterogeneity is built into the concept from the beginning. Although Stein & Bickers do not address why this should be the case, it should be noted here that the concept would have maximal applicability to the particular nature of the US state, and minimally to modern and highly developed bureaucratic states. The fact of such

‘bundling’ of government programs is that underneath their surface lies a network of relationships which binds the actors that constitute the subsystem together. Hence actors are given opportunities to pursue their own interests, whilst at the same time being brought into partially co-operative relationships with some actors. This gives rise to the possibility of a coalition of convenience, which can result in path dependent subsystems that endure through time.

Of course this type of idea has pedigree, for instance in Mancur Olson’s (1965) work on the ‘logic of collective action.’ Others have noticed that relatively focussed domestic programs tend to coalesce in particular policy areas, and even in particular geographic areas of the state apparatus (Mayhew, 1974; Arnold, 1979, 1990; Baumgartner & Jones, 1993). In fact, although Stein & Bickers’ conceptualisation of policy subsystems is useful, their intervention came as a critique of an older literature that had attempted to grasp such subsystems as ‘iron triangles.’ These were composed of ‘informal, but durable, linkages between executive agencies, legislative committees or subcommittees, and special interest groups’ (Stein & Bickers, *op cit*, 47). Importantly, Stein & Bickers note that iron triangles did characterise the majority of policy subsystems during the mid-20<sup>th</sup> century when academics coined the expression. Their critique is that over time subsystems have become less insular and more permeable, and now resemble ‘issue networks’ (*ibid*, 48; see also Hecla, 1978; Berry 1989).

For the purposes of this thesis, three things are important. Firstly, the broad concept of a policy subsystem, - comprising of (at minimum) legislators, agencies, and interest groups, - usefully provides micro-foundational support for the patterns of path dependency exhibited by modern state agencies. Secondly, although Stein & Bickers focus on standard domestic spending programs, their general idea can be extended to the politics of military spending programs. Thirdly, although their own work is a critique of the *modern* applicability of the ‘iron triangle’ concept, they admit that the concept was quite applicable to the time in which it was developed, namely the mid-20<sup>th</sup> century. Thus despite extending their concept to cover military spending programs, it is necessary to also revert back to the older notion of relatively *durable* policy subsystems to examine the historical period this thesis covers. In fact, as we will see, the ‘iron triangle’ concept still best characterises the policy subsystems that have formed with regards to the politics of defence spending in the US.

## **The Political Economy of Defence Spending**

Within the field of Defence Economics, it has been broadly understood for some time that domestic societal forces are an important determinant of levels of defence spending, and thus impact foreign economic policy and foreign policy more broadly (Brown & Korb, 1982). There is, by now a significant body of scholarship establishing various models of a political economy of defence spending (Russett & Hanson, 1975; Nincic & Cusack, 1979; Griffin et al., 1982; Mintz & Hicks, 1984). These studies show unequivocally that defence spending is always significantly affected by domestic politics, and that usually it is much higher than the levels that are ‘necessary’ for national security.

Early work on defence spending in the 1960s tended to adopt an ‘arms race model’ to explain defence spending levels (Ostrom, 1977). The model is broadly consonant with the assumptions that underpin Structural Realism in IR. Classic examples held to verify the model are the US missile build-up during the 1960s in reaction to the perceived ‘missile-gap’ between it and the USSR, which then led to Soviet anti-ballistic missile (ABM) deployment around Moscow, which in turn led the US to equip some of its missiles with multiple re-entry vehicle warheads (MIRVs), which induced the Soviets to develop MIRVs, which ultimately led to the Reagan-era US arms build-up. However, there are ample counterexamples to the arms race model, rendering it suspect (Cusack & Ward, 1981; Griffin et al., 1982).

Another way of explaining defence spending levels has been as a product of ‘incremental processes’ (Gillespie et al., 1977). The idea here is that the budgeting process for deciding defence spending levels is so vast and complex, that reviewing every single aspect of it is impossible. Hence rather than attempt this task, DoD actors charged with drawing up the budget make only small incremental changes to the budget, and model new budgets on the pattern of allocations exhibited in the most recent one. The entire process of deciding the budget, involving the DoD, the Executive, and Congress, requires standards of technical knowledge that tends to produce routines and regular patterns of behaviour. These codifications of standard procedures are not easily disrupted, since they provide a level of security to those who are planning the budget, and who could easily face serious consequences should they make an error on something as important as national defence. This narrows the scope for changes considerably, and makes the determination of defence spending primarily a conservative

affair. As such, the decision to deploy weapons systems may be less the result of military strategy or external events, and more a result of institutional inertia as weapons systems develop incrementally over time.

However, although the incremental model has some intuitive value, the evidence for it is somewhat mixed. Studies have tested both the arms race and incremental models together, and found that neither can explain US defence spending patterns (Ostrom, 1977). Others have attempted to combine the models, but again with limited results, especially with regards to US defence spending (see *ibid*). These deficiencies have led to scholars exploring a fully-blown political economy approach to defence spending in the US, and more broadly (Mintz, ed., 1992). However, the idea of 'political economy' has different meanings for different scholars, thus producing a broad range of ideas under the umbrella of a political economy of defence spending. Some deploy methods which are drawn from neo-classical economics, rational choice theory, and so on. Others examine the role of the state in the economy, the way the government constitutes markets. Thus for some, the focus is on the economic bases of political action, while for others it is on the political bases of economic action, whilst most work has some element of the two.

Some important ideas in IPE have formed the basis for a political economy approach to defence spending. The theory of a dual economy in developed countries (Gilpin, 1987, 66-67), has underpinned work on contracting and the idea of a 'war economy' (Melman, 1971). The idea of a political business cycle has been used to correlate electoral cycles with military spending patterns. Similarly, political leadership and public opinion have been found to affect military spending levels. Evidence has been found that low-level conflict is usually initiated just prior to elections and when the economy is weak, and that corporate profits affect both nuclear and conventional weapons development in the US (Mintz, 1992).

Along with such work, which puts the nail in the coffin of the idea that defence spending is a primarily a function of national security issues, other scholars have offered micro-foundations for the domestic sources of many of the patterns exhibited above. Perhaps the most comprehensive and important work here is Rundquist & Carsey's (2002) examination of the 'distributive politics' of defence spending. Essentially, the theory of distributive politics predicts that members of Congress will seek behave in such a way that they maximise benefits to their constituencies, which results in inefficiencies in allocating public goods and societal resources. However, for

many years, it was assumed that defence expenditures were too important to national security to be affected by distributive politics – after all, surely the strategic needs of the ‘nation’ would take precedence over parochial interest.

Contrary to these findings, Rundquist & Carsey’s updated methodology shows the following. The geographic distribution of military procurement spending tends towards favouring states that are represented on Congressional defence committees. This relationship is reciprocal – states represented on defence committees tend to receive more military contracts, whereas members of Congress from areas that get more contracts tend to be on defence committees (Rundquist & Carsey, *op cit*, 157-160). This explains a basic problem in the distribution of military spending, namely its remarkable concentration – throughout the post-war period, 75% of defence expenditures have gone to only 10 states in the US (*ibid*, 9). As Rundquist and Carsey show, this pattern is not a natural outcome of decisions based around the efficiency of producing military goods, but has a *political* basis. The geographical distribution of defence spending is itself both a cause and effect of political ‘distortions’ of the military procurement process. The implications of this are that the defence-industrial base in the US is a function of domestic processes and patterns of politics, not of ‘external’ national security pressures.

### **Towards a Political Economy of the Socio-technical bases of Warfare**

The relevance of the foregoing analysis of the determination of defence spending to warfare forms the subject of this thesis. Although IR as a discipline has war and its conduct as a founding concern, it is arguable that its colonisation by Structural Realism’s ‘systemic’ mode of analysis had obscured its ability to properly analyse wars.

In order to understand how a political economy of warfare might change how we think of war itself, consider the following. As Koistinen notes:

‘In each war, the magnitude and duration of the fighting have dictated *what* the nation had to do to harness its economic power, but prewar trends have largely determined *how* this mobilization took place’ (Koistinen, 1996, 1).

Thus war implies economic mobilisation of some sort, and this in turn demands that we pay attention to how the economy was organised before the war. However, the implication here goes beyond this simple observation, for how a nation conducts war is

also constitutive of the very form that the war itself will take. Thus there is no way of detaching ‘war’ from preparation for war, no way of understanding ‘war’ in abstraction from the processes which lay the foundations for its conduct. Pre-war patterns of economic development, along with broader political trends, provide an inescapable context within which the understanding of any major war must take place.

This raises the following prospect: that patterns of warfare can be linked systematically to socio-technical and economic developments in the methods countries use to mobilise for war. As Koistinen has shown in his historical research, the method of mobilising the US economy for war has undergone various shifts, which he ties directly to socio-economic and political context within which mobilisation took place. Mobilisation depends on the state of the economy, the scale, scope and strength of the federal government, Civil-Military relations, and the state of military technology. Accordingly, in US history, there have been three distinct stages, which Koistinen labels the Preindustrial (from the late-18<sup>th</sup> century to 1815), Transitional (1815-65), and Industrial (1865-present day) (Ibid, 1-3).

The transition to an Industrial stage of mobilisation marked a distinct shift in US history. However, although Koistinen’s typology serves his own purposes well, the Industrial period itself saw shifts between various ‘technoscientific regimes’ which ordered US modes of warfare (Bousanquet, 2009). Underlying the development of these regimes was the way that American ‘cultures of war’ (Lewis, 2007) developed in relation to the means of organising the country for war. In turn, this reflected the interaction of long-term US socio-economic trends with conjunctural world-historical events, especially WWII. Class conflict, and the evolution of state capacities for managing it, coincided with the development of a set of relations between military and industry which would have far-reaching consequences for the way the US would fight wars, and conceive of its role in the world.

At the heart of the analysis to follow will be the idea that processes state formation, economic development, technological and scientific endeavour, and civil-military relations, have all developed in the US to form a particular relationship between the means of war and the political apparatus which ultimately makes the decision to go to war. The idea that the US ‘way of war’ has links to specific ways that US scientific and technological developments relate to the military is one that scholars have recently explored (Wolfe, 2013). My aim is to contribute to this literature, whilst at the same



time exposing the fundamental weakness of mainstream IR theory in dealing with one of its core concepts – war.

To sum up the theoretical co-ordinates of what will follow: I adopt an historical sociological approach which is broadly informed by the idea that any historically sensitive analysis of patterns of capitalist international relations must pay attention to the ongoing spatialisation strategies of situated state actors as they attempt to organise capitalist geo-political space. This moves us away from seeing the foreign policy of capitalist states as either derivable from some pre-existing notion of how capitalist modernity will unfold, or from the actions of capitalists themselves. Instead, a disjuncture exists between state and capital, but also within the state itself, rendering notions of state autonomy and a ‘logic’ of statecraft problematic. Neither a logic of capital or a logic of the state will suffice.

Additionally, any explanation of 20<sup>th</sup> century global order must come to terms with the overwhelming power of the US, and its hegemony over its allies. However, unpacking the way that this hegemonic project took shape takes us far beyond the confines of Hegemonic Stability Theory or the rise and fall of historical hegemonies in the form of WST or neo-Gramscian theory. Instead, the considerations on state theory outlined above point us towards a radical historicisation of the project of American Empire that so many scholars have discussed. Rather than seeing the US-led global order as the necessary unfolding of either American *capitalism* or American *hegemony*, I advocate seeing it in relation to the unintended outcome of processual relations which characterise the interface between American state and society, and the American state/society complex’s place in the global order.

At the heart of this enterprise will be the idea that we need a political economy of warfare and the mobilisation for warfare in order to understand the contours of American hegemony and the 20<sup>th</sup> century global order. As discussed in Chapter 1, the overarching analytic of ‘Cold War’ historiography obscures the sources of aspects of US foreign policy, especially modulations in the way it has conducted wars. Uncovering these aspects requires paying attention to the domestic sources of phenomena that mainstream IR has all-too-readily assumed to be governed by the inexorable laws of the ‘international system.’ Only by unlocking the socio-technical basis for warfare in the US can we appreciate the form which its Cold War interventions took, forms which persist today in the post-Cold War world.

### **Chapter 3 – The Institutional Foundations of the Military-Industrial Complex**

This chapter begins by fleshing out the theoretical ideas discussed in Chapter 2, specifically in relation to the development of US state capacities. In contrast to mythologies of a ‘weak’ state, US state development is recast in a different light, as the production of significant state capacities to manage the social order and development of industrial capitalism. This foundation of US state power produced strong links between the business classes and the state, and also witnessed the development of nascent military institutional forms which would later become important. Throughout the early 20<sup>th</sup> century, the roller coaster of industrial capitalism and concomitant class conflict underpinned the rise of the New Deal era, which threatened to significantly enhance state capacities in a way which would no longer be conducive to business interests. The coming of WWII arrested this development, as military and industrial elites formed an alliance over mobilisation and procurement processes, and colonised state agencies. This laid the foundations for the post-war National Security State and Military-Industrial Complex (MIC).

#### **The historical specificity of the US State**

The typical account of the political development of the US is often presented in terms of the evolution of an archetypal liberal political system and economy. In this categorisation, the presumption of a ‘weak’ state and a ‘strong’ civil society are staples, usually alongside recognition of the unique democratic nature of the US political system and its ostensible capacity to ameliorate societal divisions. The standard narrative of *longue durée* American history is presented as a tale of political withdrawal, emphasizing constitutional restraints such as federalism, checks and balances, the separation of powers, limited government, the rule of law, and *laissez faire*. Running through this history is the ‘unique’ American quest for freedom, with property rights, contract law, freedom of speech, press, and association forming the constitutional backbone of a free market, a vigorous civil society, and a democratic polity.

One of the main reasons for this vision of American history has been the juxtaposition of America with Europe, and the consequent set of criteria used to compare the two continents. To put it another way, the idea of a ‘weak’ American state is historically linked to the co-development of historiographies of America and Europe

which have reinforced certain binaries between the two, with American history largely read as an exception to European paths to modernity (Novak, 2008, 752-757). Novak also draws attention to the overwhelming bibliographical dominance of ‘the mainline European tradition’ of classical social theory (Hegel, Marx, Weber, Durkheim, and their progeny) in thinking about the social and political conditions of modernity and the almost total neglect of American social theory (James, Peirce, Ward, Dewey, Cooley, Mead, and Thomas) (ibid). This observation is even more apposite when we consider models of modern state development. The major problem plaguing historical investigations of the American state is the tendency to force American experience into a theoretical frame designed around the emergence of modern European nation-states more than a century ago (cf. Livingston, 1994; Konings, 2010).

The juxtaposition between standard accounts (see Novak, 2008, for references) of US ‘statelessness’ and reality becomes jarring when we consider the considerable body of historical scholarship on the development of the state in the US. In opposition to the liberal mythology of a stateless, classless, individualist society, ‘Progressive’ historians had begun to challenge these myths early in the 20<sup>th</sup> century (e.g. Beard, 1913), emphasising class conflict and elite mechanisms for controlling social life. 19<sup>th</sup> century American history had often been cast as the discovery of virgin lands, with pioneering farmers leading the expansion of territory. What this self-image left out was that it also saw the expansion of federal government to aid territorial acquisitions, as newly settled areas would ‘fall over themselves to join the federal union’ (Bright, 1984, 124). Although individual territorial (non-federal) rights and politics were important, state autonomy from the federal state has often been exaggerated (Gardner, 2013). Thus during the 19<sup>th</sup> century the federal government

‘maintained the currency, funded the national debt, collected the customs, registered patents and – what was most important – assisted in the transfer of public land and natural resources to private hands and thereby played a key role in the conversion of the vast continental inheritance for commercial exploitation’ (Bright, 1984, 121-2).

In addition, key infrastructural programs underpinned the apparent individualistic economic development of early America. A sweeping telecommunications infrastructure, involving everything from post offices to telephone

connections, was created by the national government (John, 1997, 2010). National administrative and regulatory agencies were very evident during the 19<sup>th</sup> century, and had precursors in centralising dynamics which stretched all the way back to the Founding Fathers (Mashaw, 2006). As much as John Brewer had discovered that the notion of a British 17<sup>th</sup> century weak liberal state was a myth, positing instead that it was an example of a powerful ‘military-fiscal state’ (Brewer, 1990), the American state developed powerful fiscal and military agencies during the 19<sup>th</sup> century (Edling, 2003).

In contrast to European legal structures, often imbued with feudal principles, the national judiciary were vital in cementing federal powers through the court system (Horwitz, 1977; John 2006). Legal power was used to constitute the American capitalist order in a more direct way than in the European experience, giving lie to the idea that the growth of a national market was a natural development of liberal smallholders’ activities. The creation of the modern corporation was a crucial legal innovation, cementing the power of capitalists, as were legal initiatives to create rules and regulations which would underpin markets in labour, land and commodities (Handlin and Handlin, 1945; Lipartito, 1990; Novak, 2000). Economic regulation, far from being alien to the US experience, was a fundamental feature of US life and law-making from the pre-Civil War era. In fact, the culture of the age spoke of a ‘well-regulated society,’ conflicting with notions of it being a golden age of possessive individualism and market capitalism (Novak, 1993). Law-making and regulation were also vital to the policing of labour, as business interests confronted union militancy throughout the century, producing a powerful tradition of state intervention to absorb labour into the fabric of US capitalism (Tomlins, 1985; Lichtenstein and Harris, 1996; Bensel, 2000).

In the post-bellum period, a powerful capitalist class took the initiative and pushed for further rationalisation of the US state bureaucracy (Skowronek, 1982, 50-2). The state’s fiscal powers had already been enhanced as institutional links were forged between the Treasury and banks, enabling the former to ease liquidity crunches as and when they arose (Konings, 2011, 41-42). Increasing industrial development in the latter-half of the 19<sup>th</sup> century went hand in hand with labour struggles, culminating in the Great Railway Strike of 1877, and movements for workers rights in the 1880s. By the early 1890s, business had mobilised the powers of the state to break strikes and destroy union organising through violent repression (Fusfeld, 1984). Overall, the symbiosis of state and business power characterised much of the 19<sup>th</sup> century in the US, in contrast to liberal mythology. The examination of these processes of industrialisation and their

management by state agencies underpinned what has been called ‘the organisational synthesis’ in American historiography (e.g. Hawley, 1966; Galambos, 1970).

This brief historical sketch introduces some of the main themes which underpin the following sections. As discussed in the previous chapter, notions of ‘state autonomy’ often assume that a powerful state is one which is autonomous from society. However, the US experience gives lie to this simplistic idea, as what has characterised US state-society relations has not been autonomy, and yet the US state should in no sense be considered weak. In fact, its strength has come from the proliferation of sub-state institutions which effectively interface the formal state apparatus with social forces. Reflecting the powerful role that courts have in US life, regulatory agencies of all stripes, from the Executive branch all the way down to the most basic state level, provide the infrastructural power that Mann (1984) pointed to.

This has led to an extraordinary scope for governance. As Novak has pointed out, the primary reason that American state power remains so hidden is that it is so widely distributed among an exceedingly complex welter of institutions, jurisdictions, branches, offices, programs, rules, customs, laws, and regulations. To give some idea of this, consider the following: There are more than 89,000 separate governmental units operating in the United States. Beneath the national government and 50 state governments, 3,033 counties, 19,492 municipal governments, 16,519 town or township governments, 37,381 special district governments, and 13,051 school districts all function with differing self-governing powers and further official subdivisions. The legislative branch of government includes 2 houses, 435 congressional districts, and more than 200 committees and subcommittees. The judicial branch encompasses 94 separate federal judicial districts as well as a host of special courts. The executive bureaucracy reaches across 15 separate departments and more than 137 federal agencies and commission (figures drawn from Novak, 2009).

However, pure quantity cannot capture the qualitative nature of the foundations of US governance. Once again, in abstract terms, what is often assumed to characterise modern state power is a sharp distinction between public and private. The image often given is of a ‘separation’ of economy and polity into two separate spheres of life. The greater the separation, the more ‘modern’ or ‘capitalist’ the country is said to be. However, this rests on precisely the type of liberal mythology that Marx had already criticised Hegel for adopting (Marx, 1977 (1843-4)), where politics is conceived as an autonomous sphere marked by voluntarism and choice. Meantime, the ‘economic’ is

conceived as an abstract marketplace, with the iron laws of the price mechanism operating in the absence of human agency. However, this liberal conception of the separation between the economic and political mistakes a formal separation for a substantive one. In other words, two separate social spheres are never created, merely the institutional forms of 'economy' and 'politics' which are shaped and reshaped by active participating agents.

The liberal vision of the separation, with its reification of economy and polity into actually-existing areas of social life, tends towards a research program characterised by how these already-constituted spheres function. This easily lends itself to deciding beforehand in the abstract how the 'economy' or 'politics' work, and then forcing history into these preconceived boxes. The discipline of Economics, much analytic Political Theory, and Structural Realism in IR are extreme examples of this type of thinking in action. Instead, Marx's criticisms of Hegel point us towards taking seriously the idea that the separation is itself a processual concept. In other words, there is no actual separation, but the constant actions of agents who attempt to carve out understandings of the world as they abstract, routinise, codify, make and remake the institutional bases which underpin the surface image of economy and politics. Put another way around, legal and political principles are not ephemeral to economic processes, - some kind of 'superstructure' that rests atop a solid economic base, - but are constitutive of them (cf. Wood, 1981).

In the US case, this is particularly apposite, as the infrastructural power and reach of the state renders the public/private distinction a problem. For the degree to which the state penetrates 'civil society' is precisely a function of the way in which the public/private realms can be meshed together. Thus by the early 20<sup>th</sup> century, the state was entirely *au fait* with using the private sector to accomplish public objectives, while the public powers of the state were crucial to the formation and sustenance of American civil society. Focusing on the convergence of public and private power in the actual output of the American state has an important interpretive implication: namely a focus to the strong side of so-called weak state technologies, exposing the public delegation to private groups of the state's monopoly power over the 'legitimate use of force' (to use Weber's expression) (cf. Novak, 2008).

Historically, this should attune us to look for the way in which US state capacities were developed over time, not by detaching the state from society, but by state and sub-state agencies developing institutional power to exercise control over society. This then

created a two-way street, in which the very creation of these agencies linked state and society such that broader social trends would necessitate greater and greater investment in processes of control. In what Higgs has called a ‘ratcheting effect’ (Higgs, 1987), state power would grow with each moment of social crisis in American history. Far from creating a weak patchwork effect, this set of over-lapping agencies multiplying over time, developing their own forms of bureaucratic autonomy, forms the micro-foundations of the infrastructure of the US state.

Importantly, one area of US society which has been neglected in the understanding of the infrastructural power of the state is that of military institutions. As we will see, through the 20<sup>th</sup> century, the military came to play a major role in American political life. However, the foundations of this phenomenon have their roots further back. In fact, as recent studies have begun to explore, the type of bureaucratic autonomy discussed above had its roots in the US in military procurement processes during the 19<sup>th</sup> century. This was itself a function of the fact that 19<sup>th</sup> century expansion produced a ‘periphery’ of the American state that was charged with guarding and expanding the frontier. This meant that important innovations in bureaucratic administration were made by military procurement agencies, with necessity the mother of invention. It was precisely the absence of direct federal capacities that forced the creation of these peripheral capacities, which were then later absorbed into the formal federal state apparatus (Wilson, 2006). This meant that the federal state was bequeathed a latently powerful infrastructure of military bureaucracy, which would come to play such an important role in overall bureaucratic structures later, a story to which we now turn.

### **Nationalist and internationalist blocs**

The late 19<sup>th</sup> century US had experienced a significant period of political unrest, especially during the two decade depression from the mid-1870s to the mid-1890s. Factory work, strikes, imprisonment, executions, and Socialist sentiments were indicative of the era (Zinn, 1996, 314). Out of this period came the “System of ‘96”, which was a crystallisation of industrial interests around the Republic Party. These interests included steel, textiles, coal, and shoe-making. The labour-intensive nature of these industries pitched them against labour unions and made them spearheads of laissez-faire social policy. Investment and commercial banking interests in this period

also migrated towards the Republican Party, especially when the Populist advocates began to dominate the party earlier on in the decade (ibid).

The large-scale mergers and acquisitions movements during this period saw financiers gain a substantial stake in industry via massive investments, and the subsequent processes of conglomeration meant that a substantial sector of the US economy assumed the shape of large-scale trusts that combined many small firms (Kolko, 1963). This gave financiers a stake, often a controlling one, in American industry, which brought the interests of industry and finance into line.

The coming of WWI changed this relationship. The US went from being a debtor to a creditor in the world economy during the war, and the war disrupted international trading patterns heralding the end of the late-19<sup>th</sup> century international system (Hudson, 1972). Domestically, US labour was strengthened by the needs of the war economy, and this gave them the power to strike extensively and unionise as the war went on, leaving a tumultuous situation in the aftermath of the war (Ferguson, 1984, 63). Key domestic and international issues after the war were intertwined in such a way that they split the business community – the US role in the League of Nations, labour unrest, and conflicts over race, religion and ethnicity all posed issues that polarised business interests.

The Republican bloc that had grown during the late-19<sup>th</sup> century faced a new situation in which the war had expanded the industrial capacity of rival countries, thus leading to intensified competition in the global economy. This prompted them to retreat ever further into economic nationalism, advocating higher and higher tariff barriers to foreign imports, and export assistance from the government for their own products. They also advocated a hard-line on labour questions, since their industries were mainly labour intensive. This led to the violent suppression of the wave of strikes during 1919-20 (Ferguson, 1984, 63-64).

Meantime however, the splits within the business community began to take a clearer form, with a rival coalition of interests organised around more capital-intensive firms beginning to cohere. Whilst these firms were a definite minority in the aftermath of WWI, their overall size and power meant that they formed a contrary dynamic to the general economic nationalism that dominated US politics at the time. Their capital intensive nature meant that they were less hard-line on issues of labour, favouring conciliation rather than suppression. The biggest of them had developed product lines which were leading in not only American but global markets, and thus had a distinctly



laissez-faire attitude, including advocating of lower tariffs and an 'Open Door' attitude to foreign competitors. They also favoured US assistance to rebuild Europe, since European markets were the most important for many of them, especially the giants Standard Oil of New Jersey and General Electric. (Ferguson, *ibid*; Noble, 1975.)

During WWI, a vital change occurred which meant that this incipient bloc of internationalist firms became more than an insignificant minority. The conversion of the US from net debtor to net creditor status fundamentally changed the parameters of the politics of US foreign economic policy, as international banks now found themselves aligned to the new internationalist bloc of firms. As the Republican System of '96 was premised on an accommodation between industry and finance that privileged economic nationalism, the shift to a global economy defined by European need for American markets so dollars could be earned to pay off war debts produced a contradiction at the heart of US business. The major international events of the 1920s were played out against this background – the conflicts over US involvement in the League of Nations and tariff disputes being the most notable. The protectionist bloc held sway early on, but as the decade wore on, the Eastern-oriented internationalist bloc began to expand as domestic and international trends developed (Ferguson, 1984, 68).

Crucial domestic developments in the institutional framework for macroeconomic management enhanced the capabilities of the internationalists. The domination of Congress by nationalists posed a serious obstacle to translating internationalism into tangible foreign policy initiatives. However, the development of the New York money markets and Federal Reserve Bank provided a new set of institutions through which Congress could effectively be bypassed. Officials at the Fed were absorbed into the internationalist bloc, and the capacity of internationalists in having a real effect on foreign affairs grew. Concomitantly, the development of new governmental parameters, centred on a proliferation of foundations which provided content to public policy, also provided new institutions through which internationalists could work. The largest internationalist firms tended to dominate these foundations, along with the burgeoning mass-media which was beginning to develop rapidly in the 1920s (Eakins, 1966).

## WWI and its legacy

US involvement in WWI laid important foundations for the politics of the interwar period. Out of the piecemeal wartime experimentation in mobilising the economy for war came important institutional innovations, as well as political shifts which would colour the 1920s political scene. The ‘corporate liberal’ consensus that existed as the US entered the war meant that the ideological predisposition amongst government was for the state to respect the sanctity of the private sphere. The federal government was, by and large, circumscribed in the level of intervention it could engage in with regards to the economy – a hangover of the regulatory battles during earlier years. Business leaders had pioneered regulatory initiatives, which produced an environment of regulated capitalism, but also competitive capitalism (Kolko, 1963). This meant that the state existed in regulatory form, but in ways which did not impinge on corporate prerogatives, - a situation that the ‘corporate liberal’ ideology reflected. Hence during the war, Wilson and his state officials were keen to limit the state’s authority, and relied on voluntarism to enrol business in the war effort (Skowronek, 1982, 165-66; Sklar, 1988, 383-430).

With this in mind, the Wilson administration managed mobilisation by creating agencies that would be staffed with private-sector elites. The National Defense Advisory Commission (NDAC) was the most important of these, created in 1916. Wilson enlisted the services of important business-people, like financier Bernard Baruch, and others like Samuel Gompers, President of the American Federation of Labor (AFL). As a contemporary commentator, extolling their virtues, pointed out, such people were crucial in co-ordinating the economy to ensure prices were stable, production flowed smoothly, and organised labour was brought on board with patriotic fervour (Claudy, 1917). Baruch was especially influential in setting up informal networks of industrial leaders – ‘dollar-a-year men’ – and incorporating them into the NDAC (Cuff, 1973, 13-42; Koistinen, 1997, 166-197).

Thus the NDAC was a ‘curious public-private amalgam’ (Koistinen, 1997, 177), effectively filling in the administrative tasks that government was unwilling, and thus lacked the capacity, to do. However, the system faced two major drawbacks. On the one hand, voluntarism amongst industry leaders meant price fixing and rent-seeking behaviour was a problem, and on the other hand the disorganised nature of the military services worked against coherent industrial planning of any sort (ibid, 182-87). This

was because each service (army and navy) competed with each other for goods and services, and their supply bureaus (especially the army) maintained autonomy from state interference, backed up by vigorous anti-statist Secretary of War Newton D. Baker (Huntington, 1957, 299; Beaver, 1965). As the US geared up to enter the war (which it would do in April 1917), the individual orders from the supply bureaus flooded industry and overwhelmed industrial capacity to fulfil them (Koistinen, 1967, 395; Cuff, *op cit*, 86-88; Eisner, 2000, 45-88). This caused inflationary problems and chaos. In a nice paradox of fortunes, the attempt to limit government's role in the economy had ended up producing economic instability and a greater threat to orderly business conduct than before.

In response to these problems, and in the face of mounting public and political criticism, Baker convinced Wilson to create a War Industries Board (WIB) in January 1917. However, the industrial committees set up by Baruch under the WIB did not solve the mobilisation problems, and were also rife with profiteering, which generated public scandal. As a result, the WIB liaised with the US chamber of Commerce to create committees with a vestige of public accountability, but which in reality simply hid the networks of 'gentleman's agreements' which Baruch had set up (Cuff, 1973, 68-85; Koistinen, 1997, 198-216). Eventually, however, the problems of inflation, shortages, and chaos built up, and through winter 1917-18 greater centralisation became necessary, trumping Baker's desires. The Overman Act gave Wilson the almost unlimited power to reorganise the government for war. He immediately put the WIB under his command, but although he wanted to turn over all procurement decisions to the board, he was concerned that this would give too much power to the industry leaders on the board. In the event, the new arrangement offered some stability, while providing substantial profits for industry (Cuff, 1973, 86-147; Koistinen, 1997, 222-229).

The WIB was disbanded at the end of the war. However, it left important effects. Agencies staffed by corporate 'volunteers' had helped to manage the wartime economy, and this legacy would be remembered during the 1920s and 30s when business elites turned to the government to stabilise the economy. Meantime, American labour suffered severe setbacks, as union growth and militancy was met with strike-breaking tactics by the army and state. This reinforced links between government and business, as the latter saw how expansive federal powers could be used to put down labour unrest, especially when the state agencies that came with those powers were staffed by industry representatives. The increase in corporate profits from government spending also left its

mark, as the benefits of a wartime economy were made clear. Overall, the war laid important foundations for government-business relations to come (Bernstein, 2010 (1969) 47-143; Davis, 2000, 49-51; Levine, 1988, 33-43; Dubovsky, 1994; 61-69), as well as introducing the seeds of military service cooperation (Morton, 1962).

### **Post-WWI and Depression – The Birth of the New Deal**

The 1920s saw business leaders carry on their efforts to forge a corporate-government alliance favourable to them, with the Commerce Department under Herbert Hoover a focal point, and anti-trust legislation a major battleground (Kolko, 1984, 17-23). Two interconnected problems confronted such efforts. The repression of labour coupled with broader contradictions in US capitalist development produced increasing overcapacity, overproduction, competitive pressures on industry, and wage-pressure, underemployment, and declining powers of consumption of the part of labour. Business responded to this through mergers and acquisitions, but came up against public and political hostility towards these processes, and a concomitant insistence that anti-trust laws be observed. Hoover's vision of an 'associative state,' – a mutually beneficial government-business alliance, with neither gaining too much authority – required a delicate balancing act through the 1920s to navigate these tricky waters (Williams, 1961, 425-38; Hawley, 1966; Hawley, 1974; Himmelberg, 1993; Kolko, 1984, 105-117; Eisner, 2001, 89-138).

With the coming of the Great Depression, the balancing act became more and more untenable, and Hoover's attempts to stick to voluntarism as a basis for government-business relations came unstuck. Eventually even he had to abandon the myth of a self-regulating market, just as he became President in 1929, and create a number of interventionary agencies to try and stabilise the economy. This set the stage for serious alarm within corporate circles, as they feared that the expansion of state capacity in this direction would create regulatory apparatuses that would impinge on their prerogatives (Kolko, 1984, 117-122; Eisner, 2001, 261-298; Frieden, 2006, 174-181). This alarm only deepened with the watershed election of 1932, won by Franklin Delano Roosevelt (FDR) of the Democratic Party by a landslide margin. From the careful associationalism of the 1920s, US national public policy became at once vastly more important, and deeply politicised. FDR's initial 'New Deal' for the country put on the table for the first time in US history a national program for the unemployed, and his

political rhetoric was geared towards those on low incomes (Kennedy, 1999, 323-80; Eisner, 2001, 299-359).

The meaning of the New Deal has excited much scholarship from historians and social scientists. A popular interpretation has been put forward by Skocpol and Finegold (1995), which depicts the development of state capacities as largely autonomous from social forces. This approach has many advantages over the 'instrumentalist' approach bequeathed by Miliband (1969) to state theory, since there is little evidence that FDR and his administration acted to self-consciously 'save' capitalism in the US. However, in overall historical context, it suffers from detaching the significance of the New Deal from its broader class context (Levine, 1988). The radical threat posed by New Deal legislation and politics to the structure of US capitalist society must be acknowledged, for only then can the real significance of later developments during WWII be rendered clear.

Despite FDR's New Dealer radical threat to the power of US business, the difficult task of industrial recovery from the Depression left an opening for the business community to lever. Confronted by the Left of his party, FDR relied on the WIB experience of voluntary associations to enrol business in his National Industrial Recovery Act (NIRA). The Act terminated anti-trust enforcement and allowed trade associations to draw up their own codes to govern competition, regulate prices, and limit production. (Hawley, 1966, 19-34; Himmelberg, 1976, 195-208; Kolko, 1984, 127-28). However, although initially this satisfied business, over time state agencies created under the NIRA came to concern them, as workers and Congress-people allied to push their own interests in the form of legislative proposals over organised labour rights (Levine, 1988, 87-91). Thus by 1934, a 'generalized fear that the New Deal threatened business autonomy' (Collins, 1981, 35) spread amongst corporate America. Unions strengthened, and New Dealers within the administration felt emboldened to undertake greater initiatives, and even if the ultimate outcome of those initiatives was less threatening than business leaders imagined, the perceived threat was ominous (Bernstein, 1987, 184-206).

These tensions intensified as FDR won another landslide victory in 1936. Despite his first year seeing political disasters like his 'court-packing plan,' where he sought to stack the Supreme Court with allies, a 'New' New Deal was beginning to cohere (Jeffries, 1990). This included the 'creation of new administrative agencies,' which were 'so complex that Congress could no longer directly oversee them,' giving

the ‘administrative branch its greatest infusion of potential power in peacetime history’ (Karl, 1983, 128). FDR’s method for dealing with problems of policy implementation was to create new agencies, rather than rely on existing structures (Hess & Pfiffner, 2002, 21-35). The New New Deal also saw the creation of a coherent project of macro-economic management designed to maintain a full employment mass consumption economy. The brief recession of 1937-38 spurred this trend on by convincing a number of FDR’s advisors that it was due to a ‘mature economy’ reaching stagnation point (Lekachman, 1966, 96-122; Barber, 1996, 102-115).

During this period, the New New Dealers became more aggressive in their plans for an interventionist state. While the aforementioned aspects of the New Deal were focussing on regulatory expansion, others within the administration were promoting a different set of ideas that would have a great impact in the coming years. In short, these ideas involved the use of fiscal policy (tax and spend) both to stimulate economic growth, and to alleviate social problems. On the surface, such ideas appeared congruent with the late-New Deal trends already outlined, but their emphasis was different – away from piecemeal interference in the institutions of the economy, towards treating the economy as a totality which could be managed as a whole. Thus while the early New Deal had been seen spending programs too, such programs had been targeted at specific problems. From 1938 onwards, the notion that spending would be used boost overall economic growth became a reality (Weir and Skocpol, 1985, 132-33). This went hand in hand with a shift from subsidising the productive capacities of the economy, towards focussing on promoting mass consumption. In essence, government spending was no longer seen as a temporary measure used in a sparing manner, but an integral part of ensuring that the economy would run smoothly and growth would be ensured (Brinkley, 1989).

From the point of view of foreign economic policy, the ongoing struggles around state-building and class conflict in the context of depression tended to obscure the contradiction between nationalist and internationalist business blocs. From the end of WWI until the beginning of WWII, the internationalist bloc, which had gained precedence since the US became a creditor nation, grew in influence. And yet it was in the nature of such sectoral blocs that they would unite when confronted with ideological issues such as those the New Deal period raised. Thus the business community acted in a relatively coherent fashion while the prospect of major structural change was on the agenda, while various sectors remained wedded to nationalist or internationalist ideals.

These ideals expressed themselves in attitudes towards tariffs, loans, debts, and reparations, and varied with the economic orientation of the industry or firm. As the outstanding economic history of the period recounts, US foreign policy as a whole during this period was mixed – a kind of ‘independent internationalism.’ Importantly, no mechanisms existed for co-ordinating political and economic foreign policy, and hence the nationalist/internationalist divide remained as a basic structure of US political economy (Wilson, 1971). This latent potential would have ramifications after WWII.

Hence by the end of the 1930s, US politics had changed dramatically. The experience of WWI had laid the foundations for corporate-business alliance, which was slowly built on in the 1920s. However, the Great Depression destroyed the idea that voluntarism could manage the economy, and period of building state capacity ensued. Underlying this was the class conflict of the era, and the shifting dynamics of this conflict coupled with state-building processes provided the background to the New Deal era. FDRs huge mandates, granted by millions of working people who hoped for a different world, opened up space for New Deal ideologues to reshape US society. This in turn called forth a counter-movement of corporate class forces, who found themselves on the back foot against organised labour and its political representatives for the first time in a long time. They also found themselves confronted with a new set of administrative forces which had as their explicit goal the management of the national economy, a development which could lead to serious threats to their power. On the eve of war, a managed welfare-state style of capitalism loomed large in the dystopian imaginings of corporate America.

### **WWII - The Rise of the Military-Industrial Alliance**

Although the US did not enter WWII until December 1941 (almost two years after the Nazi invasion of Poland), the initial pre-war build-up initiated radical changes in the economy and state, and the relations between both. At the state level, mobilising the economy for war quickly brought military elites into conflict with New Dealers. Over time, this conflict was resolved decisively as New Deal forces were largely defeated, but only by a military-corporate alliance which left a long-lasting effect on US society. This outcome gave military elites an unprecedented role in government,

restored business's upper hand over labour, and expanded state capacities to new heights.

During the interwar years, military and business elites operated under the assumption that any war would be mobilised roughly along the model of WWI's mobilisation. The chaos of that mobilisation had prompted the creation of an Army-Navy Munitions Board (ANMB), and an Army Industrial College, both to facilitate military goods procurement processes. On the corporate side, Baruch was instrumental in drawing up successive Industrial Mobilization Plans (IMPs) which mapped out how business would help with mobilisation. At the heart of these plans was Baruch's desire to see industry control the process as much as possible. The plans themselves proved to be woefully inadequate to the actual task of mobilising for WWII, but they created important precursors to industry and military alliance. This was especially so since military plans involved deferring to business leaders on many key issues, leading to a natural sense of kinship between them as opposed to New Dealers (Smith, 1959, 35-97; Koistinen, 1970; Koistinen, 1998, 42-71; MacFarland & Roll, 2005, 47-56). The key leaders of army and navy procurement from 1939-41 – James Forrestal, Ferdinand Eberstadt, and Robert Patterson, - were all virulently against the expansion of New Dealer power over mobilisation (Dorwart, 1991, 3-10).

On FDR and his advisor's part, mobilisation skewed their reformist ambitions, since they would have to rely on business whichever mobilisation plan was adopted. From 1939 onwards, FDR put in motion a number of initiatives which both enlisted industry and gave it significant benefits. With pre-war civilian markets booming, industry was unwilling to allow disruptions to its civilian profit-making, and so FDR allowed military production to be conducted in newly constructed plants which would be paid for largely by public money. These inducements broke through the resistance business displayed to getting involved in wartime production – the experience of previous years had taught industry to be wary of the instability that reconversion to peacetime could bring (Beaver, 1977; Smith, 1977; Gough, 1991). Tax breaks were given to industry, and plant and tool expansions funded by government. Profits would not be capped, New Deal labour laws were annulled, and guaranteed cost-covered contracts drawn up. Taxes actually became an asset for some firms, as they could invest the funds internally, instead of paying them to the government (Smith, 1959, 437-504; Higgs, 2006, 37-60). These initiatives were 'helped' along by the aviation industry deliberately slowing down government orders until they received favourable conditions



– a ‘sitdown strike of capital’ as journalist I. F. Stone called it (Stone, 1941, 157-184). This contrasted with labour’s fortunes, as increased union membership coincided with inter-union rivalry, strike-breaking, increased bureaucratization of unions, and an overall drift towards union conservatism. Thus more workers were absorbed into the unions than ever before, just as they were defanged (Fraser, 1989; Lichtenstein, 1989; Lichtenstein, 2003).

While the New Deal had seen an expansion and proliferation of state agencies to regulate the economy and provide a forum for progressive (and sometimes radical) forces to push their agenda, the beginning of the war heralded a severe challenge to these agencies. This came in the form of mobilisation agencies that FDR set up, which were ostensibly to manage the requirements of the armed forces, but also acted as conduits for corporate interests to exercise growing influence. Initially, FDR created the War Resources Board (WRB), with Baruch instrumental in pushing for a voluntary associational style of mobilisation which would limit government interference in business. Although the WRB had to be ditched after protests from within FDR’s own administration at the power it gave to business over the mobilisation process, it was a sign of things to come. In particular it brought industry leaders from firms such as General Motors and U.S. Steel into government and forged links between them and military elites in government circles (Koistinen, 1998, 305-316).

In 1940, mobilisation picked up pace as FDR created the National Defense Advisory Commission (NDAC). This successor to the WRB was an unstable mix of business-people from major firms, and New Deal technocrats. As such, its reception by the armed forces was muted – they were happy to deal with business, but wary of New Dealers. Nonetheless, it became obvious that the broad shape of the agency was that civilian oversight of the process would be secondary to business influence, and that the military would largely control procurement, even if FDR himself remained in ultimate control of the agency. The NDAC morphed into the Office of Production Management (OPM) the following year, and these tendencies magnified. The military services jealously guarded their own power, while ‘dollar-a-year men’ on the OPM board took advantage of their position to obtain favourable contracts and conditions for whichever firm they represented. Most of the top officials in the OPM came from large corporations, with only 3% from organised labour, and 4% from academia (Waddell, 2001, 76; Eiler, 1997; Koistinen, 2004). Typically, the military drew up contracts for procurement and presented them to the board, whereupon the civilian leadership had

little choice but to rubber stamp them or risk holding up production (Waddell, 2001, 77).

Military control over procurement and corporate collusion in this process for its own benefits led to a number of dysfunctions, including lack of control over the civilian side of production (Gropman, 1996, 31-46). In a time where the economy was supposed to be converting to war production, civilian production boomed, as big business took advantage of the situation to reap profits. This induced the creation by FDR of a civilian agency – the Office of Price Administration and Civilian Supply (OPACS) - in April 1941, to get a handle on the situation. OPACS directly confronted the power of OPM for a limited period, stymieing the worst excesses of business use of the OPM to increase monopoly profits. OPACS was quickly merged within the OPM to create a Supply, Priorities and Allocations Board (SPAB) by FDR, in the hope this would provide some control over military and civilian production. However, although SPAB did ‘rationalise’ planning and provide a bulwark against corporate excesses, its reign was short-lived. By the start of 1942, the War Production Board (WPB) was created, OPM and SPAB abolished, and the practices inspired by the OPM became entrenched (Catton, 1948; Gropman, 1996, 55-63; Waddell, 2001, 84-94; Koistinen, 2004).

### **WWII – The MIC takes shape**

The ascendancy of the military services in American political life put in motion two important trends: Firstly, it gave the armed forces an important role in directly influencing overall defence strategy. Secondly, since the military formed a symbiotic relationship with industry in order to guard its procurement powers from civilian agencies within FDR’s administration, industry itself came to indirectly play an important role in affecting overall defence strategy. This phenomenon began to take root in WWII, and would develop in the post-war period rapidly. Two major dynamics played into its development – inter-service rivalry leading to the rise of independent air power, and the ultimate inefficiency of army procurement, which led to the army relying on business to handle procurement issues.

The first of these dynamics involved the creation of an independent Air Force. During WWII (in 1942), air power was embedded within the Army Air Force (AAF), while the Navy had its own aviation planners. When the war really got going, the AAF

saw its opportunity to push for autonomy. As the principal history of the AAF's transition recounts:

‘What the postwar world situation might hold in the way of threats to American national security was, of course, of considerable concern to the postwar planners. What was of greater concern, however, was how the AAF could justify its case for autonomy in the immediate postwar period’ (Smith, 1970, 15).

The principle reason for the desire for autonomy was to obtain more money – during the 1930s, the AAF's (in its pre-war form) goal had been to obtain some one-third of the defence budget, but by 1943 it wanted most of it. AAF planners had slowly been creating a discourse which constituted the air as a singular environment requiring its own military strategy and doctrines (Sherry, 1977, 47-75). They also shifted from viewing air power solely as an attacking option, and developed a more comprehensive idea of air defence, which would necessitate significant infrastructural development. Prior to WWII, the term ‘air base’ typically referred to a geographical area up to fifty miles wide where planes could take off and land, - only in WWII did it come to have its modern connotation of a complex enclosed service facility (Kries, 1988, 346). When, in 1939, the AAF began to gain measures of autonomy as war preparations commenced, AAF planners began to plan in earnest for unification (of the army and navy air force wings) and independence. Between the years 1943-45, plans were drawn up in the form of a war study to grant such independence. Naturally, the Navy were less than keen on the idea, partly because they wanted to keep their own air force, and partly because it would create new pressure on their own budget (Davis, 1966, 120-133, 225-239).

As part of their campaign, AAF planners began to make strategic innovations and choices to justify independence. This marked the first time that military strategy was made subservient to inter-service rivalry, instead of it being dictated by ‘pure’ defence considerations. The most important move in this respect was that AAF planners emphasised strategic bombing as opposed to tactical aviation, linking the former explicitly to the campaign for autonomy. The Navy was depicted as being behind the times technologically, limited to using planes for tactical support of its ships, and the power of bombing as a weapon of war was talked up. None of this took place for sound military reasons – it was all in the service of jockeying for independence. As Smith notes, it had deleterious effects on military strategy, since it meant that the next big

post-war conflict (The Korean War) was fought with ‘lack of adequate support of ground forces during the Korean conflict, de-emphasis of tactical training, and lack of development of tactical weapons systems and tactical munitions’ (Smith, 1970, 28). The Army opposed the ‘victory through air power’ ideal during WWII itself, seeing it as inadequate to defeating Germany (Matloff, 1959, 70).

The scope of AAF planning should not be underestimated, as Smith notes:

‘The post war planners envisioned the international organisation as a kind of rudimentary world government, dominated by the United States and relying on American airpower for its enforcement and deterrent functions. The international organisation devised at the Dumbarton Oaks, Yalta, and San Francisco conferences differed greatly from this AAF concept, yet the Post War Division was totally unaware until May 1945, or later, that the United Nations would be neither an American controlled world government nor require large contingents of United States air forces. The enthusiasm for the international organisation displayed by many planners was based not only on their desire to obtain overseas bases and to justify a large post war air force but also on a mistaken conception of the role and scope of the United Nations’ (Smith, 1970, 51).

Coupled to this extraordinary ambition were threat assessments based solely on the threat of Japan and Germany. The USSR was recognised as having a sub-standard air force, and was not seen as a threat. Thus national security doctrines were drawn up by the AAF on the basis of the application of their technical prowess – the strategic bombing of Germany and Japan, with the latter proving very effective (Selden, 2007). This would change dramatically however, when initial AAF plans for a 105-group force in the post-war era costing \$7bn were rejected by a shocked General Marshall at the War Department. With only around \$800mn eventually offered, the AAF changed tack at the start of 1945 and circulated a memo in which the USSR was suddenly deemed a major threat, despite its technological inferiority. The memo also identified the Navy as the principal enemy with regards to the defence budget. With these new tactics, the AAF eventually cajoled Congress into bringing a 70-group force into existence, a considerable achievement considering the counter-offer made by Marshall had been for a 16-group force (Smith, 1970, 51-53, 68-73, 81-82).

Although full independence would not come until 1947, air force planners had brought into existence an unprecedented number of air groups, changing the nature of American military strategy in the process. Since the planners' goals were driven by the desire for autonomy and unification, they took on a dynamic of their own. This dynamic was driven by the twists and turns of inter-service rivalry, and the need to find an appropriate military role which would justify the scale and scope of their ambition. In effect, the relationship between the air forces and the State Department was reconfigured, as the former did not want to confer with the latter on the issue of what force would be appropriate to post-war problems, since their goal was not accuracy but as big an air force as possible. Ultimately, this led to a force design based on the assumption that it was so large, it could handle any possible military contingency that would come along (Smith, *ibid*, 104). This wrote an important dynamic into the fabric of US military strategy, for it created the basis for an expansive notion of military strategy based on air supremacy – 'the creation of Armageddon' (Sherry, 1977; cf. Engel, 2009) - that would become more and more obvious as the Cold War unfolded. To a somewhat lesser extent, the Navy followed a similar, though belated path to large-scale wartime fleet expansion (Davidson, 1996).

This dynamic at the military strategic level was reinforced by the broader dynamics of WWII mobilisation. Although the military had guarded its procurement prerogatives successfully from civilian management, the Departments of War and Navy were fundamentally poor at this aspect of their job. This was coupled with the tendency for officials in these departments to rely on giving contracts to large firms that they knew and trusted, rather than adequately assess if other firms could do the job. This reinforced monopoly tendencies in the economy, as well as links between military and business elites. It also meant that although the military ostensibly maintained control over its procurement, in practice it leaned ever more heavily on dollar-a-year-men. Attempts to interfere with military control by government's more activist members could be fought off by claiming that procurement required technical knowledge, whilst at the same time business allies were relied on to help (Waddell, 2001, 96-98).

This produced a situation where strategic planning requirements did not provide the basis for procurement policy, as might normally be expected. In other words, one would imagine that a nation's armed forces would first draw up strategic doctrine based on assessment of foreign threats, and then would decide how many weapons, material, etc., was required to support the doctrine. During the war, this expectation flipped, as

military services a) ceased to rely on strategic doctrines to make procurement decisions, and b) began to organise their strategic ideas based on the levels of technical and productive power available to them in the US economy. Put simply, the ‘basic sequence of planning in World War II thus ran from requirements to strategy, not strategy to requirements’ (Smith, 1959, 211). This was a significant turning point in the ‘regime of warfare’ in US, as it created a lasting situation where the defence-industrial base’s *productive power* would shape military strategy and overall defence planning (cf. Noble, 1979).

### **From Reconversion to Peacetime**

Planning for reconversion of the war economy to peacetime began during 1943. Once again, it pitted the military-industrial alliance against ex-New Deal forces who wanted to push for a rapid reconversion under civilian control. The WPB still contained elements which would push the military and industry hard on reconversion, such as the Smaller War Plants Corporation (SWPC), and they developed plans which would allow smaller firms to begin civilian production as soon as their military contracts were up. As war production drew down, prime contractors (large firms) who had subcontracted work to smaller firms would begin to withdraw such contracts, and this would leave these firms idle. On the other hand, the OPA (formerly OPACS) represented the interests of these large firms, who did not want smaller firms to be able to reconvert before them, getting access to civilian markets first. Allied with corporate elements within the WPB, the representatives of big business worked to scupper the SWPC-centred plans for reconversion (Bernstein, 1965, 1967; SWPC report in Pursell Jr., ed., 1973, 151-177).

FDR’s New Dealers had already been weakened by the midterm elections of November, 1942. With mobilisation causing uncertainty and strife for the general public, as many were uprooted from their lives, turnout was significantly lower than previous elections. As historian David Kennedy sums up succinctly:

‘Democrats took a shellacking. Republicans gained forty-seven seats in the House and seven in the Senate, as well as the governorships of several key states, including the electoral colossus of New York ... Post-election analysis attributed the GOP’s gains to the low turnout, as well as to smoldering resentment — resentment of mushrooming government bureaucracy,

particularly the nettlesome Office of Price Administration, and especially bitter resentment of Uncle Sam's continuing inability to land a glove on his enemies ... The election yielded the most conservative Congress in a decade, filled with what *Fortune* magazine called "normalcy men." Old-guard southern Democrats joined with Republicans to form a substantial majority that was anti-Roosevelt, anti-New Deal, and unreliably internationalist ... Some southerners were reported to be privately hoping for a Democratic defeat in 1944, because it would give them four years to purge the New Dealers once and for all from the party' (Kennedy, 1999, 782).

In this environment, New Deal agencies were shut down, especially those which had been developed to regulate the economy, with the argument given that the wartime boom had made them redundant (ibid, 783-90). This acted to strengthen the ability of corporate leaders in the WPB to shape reconversion to their advantage. The SWPC report of 1946 to Congress spelled out what this meant: an enormous system of public subsidy to private business. From June 1940 to September 1944, prime contracts of \$175bn were awarded to firms, with fully two-thirds of the total going to the top 100 corporations in the US. Of \$26bn worth of Federal funds for industrial expansion (new plants and equipment), some \$20bn was estimated to be 'usable for the production of peacetime products.' This extraordinary boon to big firms was conjoined to government-financed plants being sold off at piecemeal prices after the war, as if the private funding had not been enough (SWPC Report, 1946, in Pursell Jr., ed., 1972, 155, 161, 162-64; Blair, 1972, 375-380; Marfels, 1978). As a sign of how far things went, consider the proposal of Charles E. Wilson, President of General Electric, speaking to the Army Ordnance Association in 1944, who advocated a 'permanent war economy.' As Richard Barnet explains:

'What he had in mind was a permanent set of relationships between business and the military which could be the nucleus of any future general mobilization and the conduit for the substantial military production he assumed would continue in the postwar world. Every major producer of war materials, he advised, should appoint a senior executive with a reserve rank of colonel, to act as liaison with the Pentagon. "There must be once and for all," he said, "a continuing program"' (Barnet, 1969, 116).

The war produced not only features of the landscape of the US economy that are still with us today – large firms with household names – but also a concentrated defence-industrial sector that coalesced in particular geographic locations. Initially, both east and west coasts were the focal points, especially since aircraft industries clustered there. As a contemporary noted, the US produced an astonishing 40% of world munitions output by 1944, and 50% more than either all its enemies or all its allies combined (Goldsmith, 1946, 70). Airframe and engine manufacturing in the US increased 4000% between 1940 and 1945, as government financed 90% of total output (Friedberg, 2000, 285). Aircraft manufacturing centres became the hub of the MIC, reconfiguring the US economic and political landscape (Kirkendall, 1994).

The relation of the geography of the MIC to US politics exacerbated the decline of the New Deal. As Hooks and McQueen have shown, in areas where aircraft manufacturing flourished and the MIC took root, Democrats lost Congressional ground. There were two main factors that drove this: Firstly, New Dealers focussed on employment programs, whereas their opponents (especially Republicans) could focus on maintaining defence-industry plants to employ people. Secondly, an influx of non-white workers into these areas exacerbated racial tensions. This migration was encouraged by the Democrat government, through building houses and other incentives, in order to recruit such workers to the newly developing defence industries on the coasts (especially the West coast). White workers developed resentments over this, which spilled into the workplace, and diminished support for the Democrats even further (Hooks & McQueen, 2010).

While the nascent MIC was initially relatively condensed and clustered, the government's own methods of financing new plants during the war contained the seeds of expansion within them. As a National Resources Planning Board report outlined in 1941, the government deliberately directed military-industrial plant building efforts to regions 'characterized by severe unemployment' (NRPB report, 1941, 1). The next year's report went on:

'The task of aiding private industry in providing economic opportunities for men to be demobilized from the armed forces and from munitions industries will demand careful attention both to the conversion of war production centers to



peacetime activities and to the establishment of new industries based on the resources of underdeveloped sections of the country' (NRPB report, 1942, 1).

Thus although Hooks (1993, 48-9) maintains that military departments oversaw most of the private investment and federal lending decisions, this was not an example of 'state autonomy' as he would have it. Instead, the lack of civilian input into these decisions, and the way that they blended military and economic criteria, bespoke more of the military-industrial alliance at work. Paradoxically, under a civilian-dominated decision-making process, the criteria for plant location etc., would likely have been kept purely military. However, with the Army and Navy Departments fronting for so many business interests, the decisions might have borne a military stamp but were certainly also a product of big business, and especially defence-industrial interests. From these foundations, the defence-sector would only keep growing, as we will come back to in Chapter 5.

Overall, civil-military relations were changed substantially, as the 'power of professional military leaders reached unprecedented heights in World War II' (Huntington, 1957, 315). Although civilian control over the military never went away during the war, the ascendancy of the military was undoubted. In 1938, the US ranked as 18<sup>th</sup> among the nations of the world in terms of its land army, and had a history of hostility towards permanent standing armies (Barnet, 1969, 68). At the end of WWII, the military-industrial alliance forged during the war had displaced the depression-era trends of the New Deal towards expansive social policy, created the most powerful armed services in the world (and in world-history), and a permanent defence-industrial base underpinning it. Corporate America had overcome its latent tendency towards fracturing along nationalist-internationalist lines, and had come out of the war with the memories of the Great Depression fading fast.

However, while the basis of the MIC and a new configuration for American politics had been laid, these trends 'did not come into full flower until the early 1950s' (Waddell, 2001, 158). Developments in the intervening years will be the subject of the next chapter. The developments outlined in this (current) chapter were momentous, and shifted the parameters of US governance (Beaumont, 1977). Military spending programs during the war had taken New Deal deficit spending initiatives, and used them in unprecedented ways to mobilise the economy. The result was to enshrine national

debts as a permanent feature of American life, and to provide sharp lessons to business-people and politicians that military spending, properly managed, could have drastic economic effects. It would take the militarisation initiatives of the Korean War build-up to fully develop this ‘military Keynesianism,’ but it was born during the mobilisation of WWII.

## **Chapter 4 - From WWII to the militarisation of the Cold War**

This chapter argues that the militarization of the Cold War must be understood against the background of attempts to create a multilateral trading order by the US. In doing so, the geopolitical vector of the Cold War that defines the concept for most scholars – US/USSR antagonism – is recast as part of a broader process. While the importance of the antagonism between the US and USSR is not denied, it is nonetheless seen as inadequate as a primary explanatory factor in explaining the militarization of the Cold War. Instead, I re-read the process of events leading up to the decision to militarise the Cold War – often pinpointed as synonymous with the Korean War – from the perspective of contradictions in US domestic politics. Standard IR accounts of the Cold War tend to stress geopolitical tensions between the US and USSR as being at the forefront of US foreign policy creation in the period.

However, a closer examination of key moments between 1945 and 1950 shows that this geopolitical axis was inextricably linked to the geo-economic spatialisation strategy of the US state for reconstructing the global trading order. This latter axis was arguably more important for most of the period, and only in 1950 itself did a fully fledged militarised posture on the part of the US develop. The interplay between foreign economic policy and national security strategy was crucially affected in this period by the failure of the former to cohere, whereas the latter was easily cohered around a notion of a global communist threat linked to Soviet expansionism. In this respect, American domestic anti-communism provided a vital pivot on which Congressional-Executive gridlock could be broken, and the mechanisms developed to bring the spatialisation strategy to life. The mechanisms themselves were various techniques of using military spending to do what could not be done with normal foreign economic aid. In other words, the restructuring of the global trading order, and especially European capitalism, owed much of its success to the advent of military spending devices with an international vector. These will be covered more fully in the next chapter.

### **The Rise of Multilateralism**

By 1943, it was clear that the world would be very different to the one that existed prior to the war. The reconfiguration of regional power blocs that had taken place since 1939 was already promising massive shifts in the patterns of global politics:

the US and USSR were emerging as the major powers; Japan's prewar pattern of development and its relations with its own periphery would be fundamentally altered; Europe, and much of Asia and Africa had seen the ravages of warfare, and the former's relations with many of its colonial possessions would be irrevocably loosened.

Planning for the post-war world began in the US as early as 1939, with the formation of the Committee for Peace and Reconstruction (Shoup and Minter, 1980). However, it was not until 1943 that planning really took off, as the Treasury, and State, War, and Commerce Departments began to intensely study the problems of post-war order (Gardner, 1969, 4). The core premise of such planning was that the primary focus should be on constructing a multilateral trading order among the advanced nations of the world. While such multilateral thinking had its roots in Wilsonian ideals, it was only during the later New Deal period that committed multilateralists such as Secretary of State Hull, Secretary of War Stimson, Treasury Secretary Morgenthau, Commerce Secretary Wallace, and of course FDR himself, came to the fore, and it was only during the war itself that multilateral ideals became a vital force in US foreign policy (*ibid*, 4-22, 101).

The rise of multilateralism was surely in no small part linked to the changes that occurred in the US economy during the war, especially when these were set against the backdrop of the inter-war years of depression and turmoil. Between 1939 and 1944, the US economy grew rapidly, with contemporaries describing it as a 'production miracle' (Rockoff, 1998, 81). Between 1940-44, real national product increased 65%, while industrial production rose 90%, and unemployment dropped to a historic low of 1.2% by 1944 (DuBoff, 1989, 91). As Charles Maier has noted, this contrasted sharply with the inter-war years, and produced the multilateralist conviction that high productivity and mass consumption held the key to avoiding a return to the dark days of interwar strife (Maier, 1987).

As Hull himself put it, the first half of the 20<sup>th</sup> century had convinced him that 'unhampered trade dovetails with peace; high tariffs, trade barriers, and unfair economic competition with war' (LaFeber, 1989, 354), a neat encapsulation of the multilateral ideology. Thus fear of a return to depression-era conditions was a central concern for the multilateralists. The international aspect of this was the fear of a return to the types of autarkic beggar-thy-neighbour policies that had prevailed during the inter-war years. This translated into a preoccupation with the US's major trading partners – mainly in Western Europe. While the building of US hegemony in the post-war era has been aptly

called ‘empire by invitation’ (Lundestad, 1986), the fact that Western Europe had been so crippled after the war meant that building such an empire would be a difficult task. Even if some European governments endorsed the type of economic internationalism that the multilateralists espoused, most of their practices following the war belied this rhetoric and saw them return to economically nationalistic tendencies (McCormick, 1989, 52). Thus the situation after WWII was not ideal for building a multilateral trading order.

The momentous changes after WWII and the US focus on Western Europe had as their corollary a preoccupation on the part of US wartime planners with the possibility of post-war surpluses in the domestic economy, coupled with a more expansive concern with the problem of how to ensure that the global order did not veer back towards the calamities of the interwar years. In addition to the hope that expanding international trade would bring full employment everywhere and lessen the tensions amongst nations, there was the fear that lack of international markets could severely affect the US economy, whose domestic market could not possibly absorb its growing productive power for long. Assistant Secretary of State Dean Acheson warned Congress in 1944 in stark terms what such a lack might entail:

‘If you wish to control the entire trade and income of the United States, which means the life of the people, you could probably fix it so that everything produced here could be consumed here, but that would completely change our Constitution, our relations to property, human liberty, our very conception of law. And nobody contemplates that. Therefore, you find you must look to other markets and those markets are abroad’ (Kolko, 1968, 254; cf. Eakins, 1969; LaFeber, 1989, 441-444).

Thus the multilateral ideal connected the well-being of the domestic economy to international trade, and thus tended towards evincing a unity of domestic and foreign economic policy (Paterson, 1988, 18-34). In principle, the US market-economy demanded an open trading order, and also provided a model for other societies to emulate, both to compliment the US and to ensure their own prosperity. A concern with the welfare of the domestic economy was wedded to a moralising and universalising ideology – the notion that American society was a model for all humanity. However, although this latter element would become more and more important as the 20<sup>th</sup> century

wore on, in the immediate aftermath of WWII, the most important element of multilateral ideology was the concern with building an open global trading order with the US at its centre.

### **Constructing a multilateral order: From War to Peace**

The primary focus on such markets was, in the beginning, on Europe, Japan, and especially Britain (Armstrong et al, 1984, 44-46). Britain's long-term decline as a world power had been visible since the beginning of the twentieth century. However, during the interwar years, it had consolidated its empire into a trading bloc centred on sterling and cordoned off from the global market by the Imperial Preference system (Boyce, 1987). This system entailed that trade amongst nations within the sterling area would be duty free, whilst tariffs were set against imports from outside the area, hence discriminating against the trade of non-sterling nations. This was especially irksome for the US, since it was, and had been for some time, Britain's main competitor in world trade. This 'sterling area' was still of major importance in the post-war world – indeed, even as late as 1950 it accounted for some third of world trade (Schenk, 1994, 54-57).

US attempts to break open the sterling area began during the war, with the negotiations of the Mutual Aid Agreement of 1942 which set down the principles of the Lend-Lease program. Constrained by the requirement that they not push too hard on a country that was fighting a war, US planners had to tread carefully. Despite this, repeated attempts to link the program to post-war legislation on commerce, finance, and reconstruction, made US intentions clear (Gardner, 1976, 167-174; Hudson, 2003, 122-136). However, they faced difficulties both at home and abroad, the former in the shape of British intransigence on the issue of giving up the tariff system (Gardner, 1969, 30-35), and the latter in the shape of domestic protectionist sentiment which remained a strong force in US politics and had deep roots in US history (Hudson, 2010). Ironically, the very problem that US planners now grappled with – the British tariff system – had come about in large part due to US protectionist measures in the interwar period, especially the Smoot-Hawley tariff Act of 1930 (Block, 1977, 29).

Hence a contradiction existed between the multilateral goals of US planners, which demanded an end to bilateral trading agreements and protectionist measures abroad, and the domestic US economy, riddled as it was with protectionist measures. Since dropping tariffs in the name of multilateralism would be detrimental to certain

sectors of the US economy, those sectors naturally gravitated towards scepticism towards the multilateral impulse. Politically, they tended to find their expression in the Republican Party of the time, who advocated high tariffs to protect their constituents. Such demands were typically accompanied by other ideological trends, such as isolationism, fiscal conservatism, low taxes, low inflation, scepticism towards expanding state bureaucracy, and hostility towards the developing 'national security state' (Hogan, 1998, 1-22; Block, 1977, 33-38; Armstrong et al., 1984, 51).

In addition to this contradiction, the geopolitical situation after the war raised its own problems for reviving international trade. The USSR had advanced into Eastern Europe to an unprecedented extent as a result of the war, leaving it with a considerable sphere of influence. However, US plans for a high volume of international trade required that Western Europe recover rapidly from the ravages of the war, and this in turn required that the East-West patterns of trade that had nourished the Western economies before the war be rekindled. Of particular importance for the Western side was tapping into excess Eastern European oil, along with re-establishing the latter's role as the 'breadbasket' of the former (Kolko, 1968, 425). The USSR's influence in the East rendered achieving these goals uncertain, and US policy in the war had recognised the need to maintain good relations with the USSR in the hope that it would comply with US desires in this respect. US planners thus faced a set of challenges in establishing a multilateral trading system which posed serious problems. At the heart of these problems lay the difficulty in articulating the international role that the multilateralists wanted the US to play in juxtaposition to the context of domestic US economic development and politics.

More broadly, the attempt to build a multilateral trading system was beset by a simple yet crippling issue – the scale and scope of the enterprise. During the war, it was recognised by US planners that a major goal had to be the reconstruction of Western European countries in as rapid a period of time as possible. However, the difficulties in the project of reconstruction were simply not apprehended during the war, and thus badly underestimated. For instance, despite extensive Anglo-American negotiation, epitomised by the Keynes-White proposals for monetary stability and financial collaboration between the two nations, the basic framework within which such negotiations proceeded 'revealed little appreciation of the magnitude of the transition problem' (Gardner, 1969, 95).

During the war, US aid to Britain had quickly assumed a greater significance than simply helping to win the war. It was recognised that Lend-Lease aid was performing a vital function in helping the British economy stay afloat as early as 1943, resulting in US assurances that the US would give Britain special assistance once this aid was up, and by 1944 FDR had promised Churchill that the US would not let the British go bankrupt (*ibid*, 174). At this time, the USSR was also keen to obtain aid from the US, in addition to wanting reparations from Germany for the war (Feis, 1957, 24). The International Bank for Development and Reconstruction (IBRD), later the World Bank, was set up to deal with these demands.

However, the money for the IBRD would come from Congress, and US planners were well aware that this would prove a controversial issue. For along with protectionism, isolationist sentiment was rife amongst the public and many important politicians (again, often Republican). Indeed, Truman himself noted that he could ‘never quite forget the strong hold which isolationism had gained’ (Truman, 1956, 101-102) in the US by this time. During wartime, a conservative Congress controlled by Republicans from 1942-44 had exhibited strong isolationist sentiment, exerting strong control over Lend-Lease funds so that they were used only for wartime necessities. By 1945, a clear rupture had opened between FDR’s executive, with its desire to use Lend-Lease to foster reconstruction in the post-war environment, and Congress, which adopted an amendment to the Lend-Lease program which explicitly forbade use of the funds for reconstruction purposes (Gardner, 1969, 176-80; LaFeber, 1989, 443).

This decision forced the administration to back down. However, in doing so, FDR was reneging on a promise he had made to Churchill in September 1944 that Lend-Lease aid would continue to be provided for the purposes of reconstruction. Since reconstruction plans were affected by this, plans for financial collaboration between Britain and the US were also affected, since it was clear that monetary stability meant little in the absence of funds for reconstruction (*ibid*, 75). Thus Congress’s stance on the issue of reconstruction was not merely an annoying thorn in the side of the multilateralists – it threatened the very fabric of what they were trying to achieve.

On the British side, there was no doubt that seeking US aid was of paramount importance. However, this goal had to be balanced against the overt US attempts to break open Britain’s trading empire, and the possibility that aid would be tied to demands for such to happen. British resistance in this respect prompted the US to defer the issue of Imperial Preference until a later date, allowing Britain to keep its empire for



the time being. This deferment was based on the expectation that since Lend-Lease repayments by Britain were set up in such a way that once its gold and dollar reserves hit a certain point repayments were triggered, US leverage over Britain was assured. The British would have to ask the US for funds, and then the issue of Imperial Preference could be raised again. In this way, financial leverage would produce the conditions for changes in commercial policy (*ibid*, 55-61).

On the issue of the broader international environment, the US also had to set aside its immediate desires for multilateralism in 1944-5; - FDR's agreement with Stalin on spheres of influence reflected this. US plans at this time reflected a strategy of deflecting possible USSR ambitions for expansion in Eastern Europe with the offer of a place at the table in post-war international security arrangements (Feis, 1957, 174-75), whilst at the same time expecting that their desire for aid would eventually give the US leverage over them in the same way as it would over the British (Kolko, 1968, 259).<sup>5</sup> Indeed, in February 1944, the USSR submitted a loan request of \$1bn to the US, while the US attempted to pressure it for concessions to a multilateral global order. Again in early 1945, a request was made for a \$6bn loan, which Harriman made clear had to be linked to 'overall diplomatic relations' (*ibid*, 339). This pattern epitomised relations between the two powers in the late-war to immediate post-war period (*ibid*, 333-40). In addition to such economic manoeuvring, there was also the hope that the impending development of the atomic bomb would give further leverage to the US, hence FDR's decision that the weapon should be kept secret from the USSR (Alperovitz, 1994, 203-206; McCormick, 1989, 44-46).

During 1945, the US strategy of using the carrot of aid to change other countries' commercial orientations began to become unstuck. Crucial in this was the serious situation in much of Europe after the war, which made a strategy of 'wait-and-see' dangerous since the threat of social disintegration was very real at this time. Thus when Lend-Lease was cancelled in the summer of 1945, one of the major motivations was to bring the USSR to the bargaining table. However, rather than producing this desired effect, the move affected Britain far more and exposed how serious the economic situation in Western Europe was (Kolko, 1968, 398). In the British parliament, there was outcry over the perceived harshness of the cutting off of aid, and

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<sup>5</sup> Harriman is quoted as saying 'economic assistance is one of the most effective weapons at our disposal to influence European political events in the direction we desire and to avoid the development of a sphere of influence of the Soviet Union over Eastern Europe and the Balkans.' See also p. 398 of Kolko (1968) for similar sentiments from Stimson.

new Prime Minister Clement Attlee spoke of how the move had put Britain ‘in a very serious financial position’ (Gardner, 1969, 185). From a position of underestimating the serious state of the British economy, US planners now began to become aware of the problem that confronted them if the British were to be brought into the multilateral fold.

Unlike the short-sightedness US planners exhibited when it came to reconstruction issues, plans for international institutions to manage the post-war order began during the war and produced concrete proposals. The GATT was planned for early in 1943, and the ITO developed as a means to implement its charter (Aaronson, 1993). In December 1945, the US and Britain published a set of proposals which provided a basis for a series of conferences between 1946-48 that would develop and solidify GATT and the ITO. There was widespread agreement on financial matters – the IMF would be created as a repository of funds for countries with short-term balance of payments issues. On the issue of the creation of a world bank, which would finance reconstruction, matters proceeded less smoothly. The British were sceptical of the US-domination of such a bank, and in the end the reconstructive potential of the World Bank was neutered by limiting its ability to make ‘hard loans’ that were defensible from a business standpoint (Gardner, 1969, 117-118).

Thus although the fabled Bretton Woods system that was codified in summer 1944 is often held up as the foundation of US economic hegemony, in truth the IMF and WB signalled only widespread agreement on the economic foundations of multilateralism (Kolko, 1968, 257). Insofar as providing actual institutional mechanisms by which reconstruction would be undertaken, these institutions fell far short. The ramifications of this were especially acute with regards to Britain, for despite British openness to multilateralist goals, failure on reconstruction issues would ultimately make such openness untenable. As Keynes noted before the House of Lords in mid-1944, the Bretton Woods institutions were ‘not intended as daily food for us or any other country to live upon during the reconstruction or afterwards.’ Fanfare over the agreements aside, reconstruction was still uppermost in British minds, and ‘[p]rovision for that belongs to another chapter of international co-operation, upon which we shall embark shortly unless you discourage us unduly about this one’ (Gardner, 1969, 127).

With regards to the USSR, US policy was initially concerned with drawing them into international security arrangements which would essentially co-opt them into an American-led order. Small steps were taken in this direction during the war, such as getting the USSR to sign the Atlantic Charter in 1941, and agree to Hull’s ‘Declaration

of Four Nations' in 1943. As the war rolled on, it became clearer that the USSR would come to dominate Eastern Europe, whether by chance or design, and such statements of intent became hollow. However, by the time of the Yalta conference, FDR was still pursuing a strategy of co-optation, and thus backed away from challenging the USSR to any great extent (Kolko, 1968, 344-369). Truman continued this strategy, believing that US economic power via loans could still bring the Soviets to heel at some point in the future (Alperovitz, 1994, 135). Importantly, this early FDR/Truman strategy hinged on being able to guarantee that Congress and the US public would support future loans to the USSR. This necessitated that both presidents work assiduously to cast the USSR in a good light in public, something for which FDR was later to be castigated for (cf. Fleming, 2001). Truman, for his part, went so far as to ban journalists from his early meetings with Stalin at Potsdam in 1945, knowing that there would be disagreements and not wanting them publicly revealed (Freeland, 1974, 43). The 'pro-USSR' domestic propaganda campaign was successful, and public belief in US-USSR co-operation rose during 1944-45.<sup>6</sup>

During this time, it also became clear to members of the administration that their international goals would require no small domestic activism on their part. Propaganda and public education would have to play a substantial role in enrolling support for the construction of a multilateral world order. These took two main forms: media and education blitzes, and stepping up domestic internal security to root out political dissent. The public education aspect was driven as much by business interests as by the government, with lobbying groups such as the National Association of Manufacturers playing a substantial role in penetrating the public education system and popular media, sponsoring material that cast the 'free enterprise' system in a positive light (Fones-Wolf, 1994). Conversely, the domestic policing aspect was very much a government initiative, ultimately spiralling into the phenomenon known as 'McCarthyism.' However, despite this moniker (McCarthy was a Republican Senator), the roots of the phenomenon are more correctly located in the Truman Administration, as it sought to find a way to control public and elite opinion (Irons, 1974).

Hence the administration's policies can be summed up thus: Internationally, the construction of a multilateral order was initially focussed on using financial means to

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<sup>6</sup> In March 1945, the time of the Potsdam conference, in answer to the question 'Do you think Russia can be trusted to cooperate with us after the war?' 55% of respondents to an AIPO poll said yes, as opposed to 39% in 1942. Cited in *The Public Opinion Quarterly*, Vol. 9. No. 2. (Summer, 1945) p. 254.

exact commercial concessions at some later date. The question of reconstruction took a back seat to the question of erecting principles of trade for the future. With regards to major trading nations, attempts were made to co-opt Britain into a multilateral order, although initial attempts to induce British concessions on its empire were unsuccessful. With regards to the USSR, FDR's policy of co-operation was initially continued by Truman, in the hope that Russia too would be forced to ask for loans in the future, at which point concessions could be sought.

In contrast with this 'peace offensive' with regards to the USSR, the administration took the opposite route with regards to pressing multilateral policies at home. Well aware that 'the extent to which public opinion and Congress will support a program for the reduction of trade barriers' (Hull, cited in Kolko, 1968, 290) was a big unknown at the time, and that British acquiescence in dropping its own tariffs depended on such support, the administration was deliberately vague in its presentation of multilateral plans to its domestic audience. With regards to international institutions like GATT, through which multilateral principles were to be actualised, the administration was forced to make concessions to its own agriculture sector on tariffs, thus undercutting the framework from the beginning (Gardner, 1969, 148-50). This had the effect of making it seem to its major trading partners that the US was not really serious about free trade, and thus made it harder to exact concessions from them. As 1946 dawned, the delicate balancing act that the administration was playing abroad was in danger of being severely hamstrung at home.

### **Losing the USSR and Saving Britain - 1946**

During the end of 1945 and the beginning of 1946, Britain and the US engaged in a series of negotiations to attempt to cement a new framework of agreement between them post-Lend Lease. From the outset, Britain's precarious position was exposed as Keynes had to travel to the US to ask for a \$6bn grant. The US saw an opportunity to demand heavy concessions, which the British balked at, but had no choice but to acquiesce to. Financial need ultimately dictated that they accepted a low interest loan of \$3.75bn and a number of obligations. The most important of these was the obligation to make sterling freely convertible one year from the date of the loan. The import of this was that Britain would recognise any obligation to convert sterling holdings into other currencies (especially dollars), thus freeing any holder of pounds from the necessity of

spending their earnings in the sterling area. In addition to this major obligation, the British also agreed to relax controls on imports. Such concessions represented a major step forwards in US attempts to co-opt the British into an American-led multilateral order. The US-British negotiations also set a wider pattern – shortly after Keynes’ trip, French negotiators arrived in Washington to seek a similar loan, and gave similar concessions to obtain it (Kolko, 1968, 484-502; Gardner, 1969, 188-223; Kimball, 1971; Kolko and Kolko, 1972, 66; Armstrong et al., 97-98).

These initial loans marked the beginnings of US attempts to come to terms with the need for European reconstruction. The perceived importance of major trading partners providing markets for US goods was, by now, foremost in the mind of administration planners. Indeed, although now largely forgotten, there was widespread fear at this time of economic crisis prompted by the end of the war, prompted to some degree by the ‘stagnationist’ ideas of Keynesians who had gained influence during the later New Deal period. Although predictions of a post-war crisis proved unfounded, in 1946 the fears of slip back to depression-era conditions were prevalent both in high politics and popular sentiment (Samuelson, 1944a, 1944b; Hansen, 1944; Eakins, 1969, 147; Gold, 1977; Collins, 1981).

Fundamentally, US exports depended on the capacity of foreign buyers to obtain US products. Such capacity depended in turn on three major dynamics: exports by foreign trading partners into US markets themselves; liquidation of gold and dollar reserves by foreign trading partners; levels of US economic assistance to foreign trading partners. The problem the US faced at this time can be summed up in the simple observation that the third dynamic – US economic assistance – was essentially propping up its trading partners’ capacity to buy US goods. In essence, this meant that US planners had to see domestic production, employment, and income levels as dependent on US economic assistance abroad, and as gold and dollar reserves abroad depleted, this would become more so. The devastation of the war meant that idea of major European trading nations managing to balance the terms of trade with exports was a distant dream. For the foreseeable future, the US would literally have to buy its own goods.<sup>7</sup>

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<sup>7</sup> These issues were clearly understood by US planners at the time, as evidenced in The Economic Report of the President which dealt with 1946, submitted to Congress on January 8<sup>th</sup>, 1947. The report noted that ‘Intense demand of foreign countries for goods available only or chiefly in this country has been one of the factors accounting for a high level of employment, production, and purchasing power in the United States during 1946 ... Foreign demand for United States goods at present is associated with the incompleteness of reconstruction in war-devastated areas, and it will continue to be high during 1947,

These short-term goals, significant though they were at the time, were really part and parcel of a larger problem which was connected to the longer-term project of constructing a multilateral order (cf. Casey, 2011). In essence, it was not ‘written into the DNA’ of the developing geo-economic order that it would head towards a US-led open trading regime. The ‘shock therapy’ of ending Lend-Lease and exerting financial leverage may have forced the British and others into concessions to US plans, but it had also shown the price of failure to make funds available to reconstruct Western Europe. This price could be summed up in one word – autarky. Hence the choice facing administration planners was not between multilateralism now or later, but between reconstruction as soon as possible, or autarky. As this became more apparent, the interaction of the US’s geo-economic plans with both geo-politics and its own domestic politics were thrown into sharp focus, for standing in the way of reconstruction were a number of difficulties.<sup>8</sup>

From the point of view of the developing Cold War, the major problem during 1946 was that the US’s co-operative policy towards the USSR broke down irretrievably. From late-1945, State Department planners, with Secretary of State James Byrne in the lead, began to adopt a harsher line towards the USSR (Leffler, 1992, 38-40). This change in emphasis came as a result of the final recognition that the USSR would not fit into US plans for a multilateral trading order (and could not be co-opted via financial power), and was determined to maintain its grasp on Eastern Europe. The primary

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even though some countries may be reluctant to purchase at our current high prices. Sufficient resources will be available to foreign countries to finance urgently needed purchases from us. Any recession in domestic demand would permit us to meet some of the now unsatisfied foreign demand, with a resulting increase in exports. Even if this should be confined to a rise in quantities rather than in the dollar values it would be a factor cushioning the effects of any dip in domestic production and employment. Should fears concerning our willingness and ability to buy and lend abroad increase, however, foreign countries may husband their dollar resources so as to make them available over a longer period. In this event our exports would be reduced.’ p. 17.

<sup>8</sup> Once again, this was recognised in the same document as the last footnote: ‘The willingness of many other countries to enter the proposed trade organization will depend to a great extent on our attitude in connection with the reciprocal tariff negotiations scheduled for this year. In return for our own tariff concessions, we can hope to secure not only reduction of foreign tariffs and discriminations but also elimination of a mass of restrictions, in particular, rigid import quotas preventing our access to foreign markets. Thus we should press forward with our program to secure the reciprocal reduction of trade barriers. If we fail to do our part in putting international economic relations on a healthier basis, it is quite likely that some other countries will feel compelled to increase their own controls. Such a development would tend to break the world into trading blocs and could have profound effects upon world politics and the prospects for creating an enduring peace’ (ibid, 31).

concern of Byrne and other hardliners in the State Department became the prevention of Soviet power beyond its recognised sphere of influence. An initial sign of this was the Iran episode of March 1946, in which the USSR failed to withdraw its troops at a time which had been specified by wartime treaty, prompting the US to deliver a stern warning, the effect of which was Soviet withdrawal. The incident over control of the Dardanelles Straits a year later fit was another example of this changed stance (Truman, 1955, 94-95; Kolko and Kolko, 1972, 29-58; McCormick, 1989, 48-64).

The hope that the Soviets could be co-opted had also held back US policy on Germany. Since the quadripartite division of the country since the war, little progress had been made towards unification, despite the US seeing this as vital to the overall recovery of Western Europe. By early 1946, with 'containment' of the USSR rather than co-optation becoming the dominant strategy, the US could ostensibly be more aggressive in attempting to unify Germany. Abandoning agreements made at Potsdam, the US suspended reparations from the western zone to the eastern zone, and began to plan for unification. By May, the British had been brought on board, but neither the French nor Soviets were willing. Ultimately, the British and US zones were joined together by December 1946 ('bizonia'), thus forming the basis for Germany's cold war future (Eisenberg, 1996, 233-276).

France's policy in this respect showed how at this time it was dedicated to resisting US multilateralist moves. Through 1946, it attempted to chart a 'neutral' path through the emerging cold war thicket, and their refusal to join bizonia was a symptom of this. The US moved swiftly to crush this tendency, and it is against this background that the politics of US loans to France must be read in this period. The French had initially asked in February for substantial credits over 4 years to enact the Monnet Plan, and also for increased access to coal from the US-controlled Ruhr. In the end, the US granted them \$650m and denied the coal, giving just enough to ensure that the bourgeois political parties in France would be able to stave off local communists (see Romero, 1989), but withholding full assistance to ensure leverage (Leffler, 1992, 121). However, the fact that the loan came some two weeks before elections in France did help to ensure that the communist parties did poorly in elections, a fact that was not lost on US planners. In future, loans would also include stipulations that communists were to be removed from government as swiftly as possible. The documentary record shows clearly that US planners were deeply concerned with French moves to chart a possible 'third way' between the US and USSR, whilst also being concerned with the strength of

the French Left itself ('Concern of the United States with Political and Economic Developments Relating to France; Economic and Financial Agreements with the Provisional Government of the French Republic.' FRUS, 1946, Volume V, pp. 399-480; Eisenberg, 1996, 167-176).

Increasingly, the geopolitical situation began to take on the following form – the USSR would be 'contained,' while economic aid would be used to bring major trading partners into a US trading order. These two aspects were mutually reinforcing – the creation of a western bloc of openly trading nations would automatically create an anti-USSR bloc. However, it is important to note that at this time, the emphasis was overwhelmingly economic: US planners did not perceive the USSR to be a military threat, they had easily repelled USSR intransigence in Iran (and later Turkey) (Leffler, 1992, 123-125; Yegorova, 1996; Vadney, 1998, 61-63; Roberts, 2008, 308-9), and communists in Western Europe were, by and large, entered into co-operative politics with existing bourgeois parties (thus neutering their revolutionary potential) (Kolko, 1968, 436-445). Thus 1946 also marked the 'geo-politicising' of the geo-economic logic of multilateralism, as the latter was changed from an ideology applied at the level of global order, to a tool to build a Western bloc. In essence, this was, of course, simply recognition that the USSR could not be part of any such multilateral order.

However, the path from such recognition to the post-1950 cold war was not pre-ordained in 1946. The dual policy of building a Western bloc by economic aid and containment contained within it a number of contradictions that would play out over the next 4 years. In order to understand the unfolding of 1946, and indeed, the next 4 years, the dual strategy of containment of the USSR and economic aid to build a Western bloc must be understood in the context of domestic US politics.

While the issuing of the British loan, along with smaller ones to France and Italy, marked positive steps in reconstructing Europe, 1946 was still a year when US planners were catching up to the reality of the scale of the project. By late 1946, the State Department was just beginning to make realistic assessments of the full picture, principally through a study conducted by Paul Nitze which offered figures of roughly \$5bn annually for 5 years to do the job. These numbers far exceeded US planners' expectations, raising the spectre that the job of European reconstruction could simply not be undertaken. Expectations of a swift transition from the war-era to a new multilateral era were, for the first time, challenged. The Export-Import Bank, set up to deal with foreign loans, began to record the severity of the situation in Europe, and by



mid-1946 its lending authority had already been exhausted in the face of demands for loans from stricken European countries (Freeland, 1974, 58-61).

Significantly, the Bretton Woods institutions that had been set up to deal with reconstruction issues were simply inadequate to the task. Throughout 1946, the administration touted the IMF and World Bank as saviours of the European situation, substantially exaggerating their capacities. In truth, the funds simply did not exist within these institutions to fulfil the needs of reconstruction. As the year wore on, administration claims that the British loan (and smaller French and Italian ones) would be the final measures of US assistance began to look like hollow promises (*ibid*).

The main problems were related to the terms of trade. In 1946, the US ran an export surplus of \$8.2bn, which by 1947 rose to \$11.3bn (Gardner, 1969, 293). Typically, it was Europe which manifested the most serious disequilibrium with the US. Importantly, the problem was not solely an issue of production deficiencies in Europe, as would have been expected. Such deficiencies existed, of course, but on the whole the production record of most of Europe was exceeding expectations. The major causes of the disequilibrium were of a different order: the decline in 'invisible items' of European trade balance; the liquidation of overseas investments; the loss of shipping income; and continued burdens of expenditures on military commitments. Most importantly, the patterns of global trade had altered such that Europe as a whole was importing seven times the value it was exporting to the US, thus creating a shortage of dollars (Gardner, 1969, 293-95).

With the realisation of the task dawning on administration planners, a campaign for multilateralism was put into action. The best exemplar of this was during the administration campaign for the British loan. The campaign took aim at both the public and Congress, with State Department officials doing tours, talks, radio appearances, and hundreds of other public speeches. Support in business community was mobilised via hundreds of letters to organisations like the Chamber of Commerce, National Foreign Trade Council, and American Farm Bureau. The scale of the campaigning led the administration to the expectation that the loan would be rubber stamped by spring without problems (*ibid*, 242-248).

However, this expectation was scuppered. In the Senate, serious opposition was raised to the loan, primarily by Midwestern Republican senators such as Robert Taft. Debate over the bill dragged on through the spring, leading administration hopes to fade. The reasons for the opposition were a mixture of long-term and short-term causes.

On the one hand, Taft and his followers represented a substantial sector of the US political spectrum that were wedded to either isolationism or small budget economics, or both. Typically such politics was the province of Republicans, but important conservative Democrats often lined up with them on such issues, making life difficult for the administration. On the other hand, 1946 was a Congressional election year, thus exacerbating the natural political inclination of Republicans who sought political differences with the administration over which to campaign for office. The upshot was that the British loan became intimately bound up with domestic US politics (Freeland, 1972, 62-67).

However, the domestic political situation was also partly an unintended outcome of previous administration policy. For while FDR and Truman had managed to engage the electorate and their conservative political foes by linking the creation of the Bretton Woods institutions to the creation of a peaceful world order, they now confronted the effects of their wartime stance. To the same conservative senators and members of the public, the unilateralism of the loan seemed a repudiation of the principles of the UN. To make matters worse, some senators had not yet caught up with the containment principle, and openly argued that not extending similar loans to the USSR was a danger to the ostensibly internationalist nature of the new world order (*ibid*, 64). Coupled with shock at the size of the loan from a fiscally conservative Congress and public, the administration was caught on the back foot as it attempted to argue for the loan.

Given this situation, the administration needed to find a new tactic to convince a recalcitrant Congress and public. This came in the form of a 'new factor in American policy' (Gardner, 1972, 248) – the USSR. As US-USSR relations deteriorated, administration spokespeople began to pitch the loan less in terms of multilateralism, and more in terms of rescuing Britain from 'Russian imperialism,' or on the ground that 'the British people and their way of life form the last barrier in Europe against Communism' (*ibid*, 248-249). Significantly, Democratic Senator Vandenburg, who had earlier opposed the bill, now came round to supporting it, turning the debate in the Senate during April with a powerful speech that warned of 'some other great and powerful nation' (*ibid*, 249) waiting to capitalise should the US fail to make the loan. The bill passed in May, narrowly, with the introduction of the Soviet factor clearly tipping the balance of the scales in the administration's favour (*ibid*, 252).

Despite this seeming like a victory for the administration, it was Pyrrhic one. By focussing on the Soviet issue, the multilateralists had managed to garner support to get

the loan for the British, but they had failed to do so on the terms of their own ideology. Clayton himself saw the issue thus – as a defeat for multilateral principles (Freeland, 1974, 69). At stake was how the issue of European reconstruction was to be framed, and despite having led a substantial information campaign to try and rally support for the loan on multilateral grounds, the issue that had swung things was the deterioration in US-USSR relations and the concomitant use of anti-communist rhetoric. Thus although 1946 saw the Truman administration manage to make a sizeable loan to Britain, along with much smaller ones to France and Italy, it had been served notice that the principles that underlay its geoeconomic project were not broadly supported in Congress or by the public. For the rest of the year, plans to expand the Export-Import Bank and discuss further loans were shelved, and despite the burgeoning realisation of the scale of the project to reconstruct Europe, domestic political considerations forced the multilateralists into torpor (*ibid*).

### **The Truman Doctrine**

In both Cold War historiography and much IR theory, the Truman Doctrine (March 12<sup>th</sup>, 1947) is often held up as being symbolic of the beginning of the Cold War. Heralded as a policy announcement of epic proportions, it appeared to be the first time that the President put the threat posed by the USSR above all else, as well as committing the US to an expansive global security doctrine. The usual reading of the doctrine is that it was prompted by the actions of Communists in Greece, and the USSR with regards to Turkey. These events prompted Truman to draw a line in the sand, and announce the Cold War proper as a crusade against global Communism (cf. Waltz, 1979, 171 – ‘Communist guerrillas operating in Greece prompted the Truman Doctrine’). However, this received image lends too much weight to the doctrine as a fundamental turning point in US-USSR relations, and misreads it as purely prompted by external security threats. This obscures its significance as an ongoing development in the attempt by the Truman Administration to balance foreign economic policy and domestic politics, with unintended geopolitical consequences (LaFeber, 1997, 54-58).

The harsh winter of 1946-47 saw Britain’s situation deteriorate rapidly, exacerbating already slowing production, and turning a downturn into a severe contraction. As British production stalled, Commonwealth countries to whom Britain had become highly indebted during the war began making claims on British dollar

reserves, causing a massive acceleration of the reserves. During the first quarter of 1947, withdrawals of the reserves roughly equalled total withdrawals of the whole of 1946, signalling a crisis in the making. Worse still, the British situation began to generalise across Europe, with the UN reporting that agricultural production was stalling all over the continent, and that many countries would require urgent assistance just to avoid mass starvation, let alone to recover ('The British Crisis,' Federal Reserve Bulletin, September, 1947, pp. 1071-1082; Gardner, 1969, 306-331).

The ominous possibilities that stemmed from the overall European, but particularly the British, situation were as follows. British balance of payments problems were becoming so severe that its government would have to maintain rigid controls on dollar imports. There were also reports that to increase its dollar resources, the British were considering imposing controls on exports to continental Europe and attempting to redirect trade to the dollar area. Such policies, entirely understandable from the British point of view, would have far-reaching implications for the US. A reduction in British exports to Europe would increase necessity for those countries to maintain controls on dollar imports for critical supplies available only in the US. Restrictions on dollar imports by Britain and Europe would limit capacity of Latin American countries to export to Europe, and so reduce the dollars available to them to buy from US markets. Hence overall US exports would be affected, right at time when it was clear high levels of domestic exports were preventing a domestic depression (Council of Economic Advisors, Midyear Economic Review, 1950, 27-28).

This crisis was looming when existing assistance programs, especially the loan to the British, were winding down. Furthermore, the GATT conference was scheduled for April of that year, and the British were looking like they would move away from multilateral principles. Most concerning in this regard were rumours that they would renege on their commitment to making sterling convertible, which had been an aspect of the Anglo-American loan agreement. It was becoming clearer that reconstruction would have to be at the heart of co-opting the British, and that good intentions and promises would not do the job. With regards to the rest of the continent, the fear was that economic distress could strengthen the hand of local communists, who would be encouraged to abandon their conciliatory attitude and adopt a more aggressive stance. The key here, once again, would be substantial aid packages to offset this threat (Freeland, 1974, 73).

Domestically, issues were no better for the administration. The Congressional elections of 1946 had returned a Republican dominated conservative Congress. This political conjuncture coincided with a longer term development to create serious problems for the administration. With its program for multilateralism now resting more and more on the capacity of the US to reconstruct its major trading partners in Europe, this put emphasis on the capacity on state institutions to fulfil these demands. However, while the longer term pattern of US state-building had seen the executive gain unprecedented power to prosecute foreign policy, the administration's own strategy now had the unintended effect of decentring this power towards an area of the political system that was outside the executive – namely the committee system in the legislative branch which dealt with appropriations. This was nothing less than a revolutionary development in US foreign policy formation, and it changed acutely the nature of the bargaining process between the executive and legislature (ibid, 76-77).

The resulting situation boded poorly for multilateral plans. Overall, Republicans were hostile to much of the administration's policy package, having fought their campaign on lower taxes, smaller state, and so on. More specifically, the House and Senate Appropriations Committees were dominated by Republican conservatives, and thus significant power over foreign policy initiatives rested to a large degree with anti-administration politicians. In this respect, the early part of 1947 saw a potentially damaging divergence open up between the State Department and Congress, and also a decline in bipartisanship within the latter (Truman, 1955, 172, 175).

The decline in Britain's situation had effects that were not just economic. Since the latter stages of the war, the British had been the ones giving financial support and assistance to Greece and Turkey. In the former, the British were directly intervening in an ongoing civil war in order to prevent the victory of communists, while in the latter the assistance had a more strategic element related to the importance of the Dardanelles as a shipping route. By February of 1947, British economic distress had reached a point where it could no longer carry on with these commitments, and it signalled its intent to discontinue them shortly. The US had already signalled that it would step in were such a situation to arise, and take over British commitments. The result was the infamous 'Truman Doctrine speech' of March 12<sup>th</sup>, 1947 (Freeland, 1974, 79-90).

This speech has often been marked as an important event in the development of US-USSR hostilities. The rhetoric of the speech was strong on the dangers of communism, and contained a universal commitment which many take at face value as

signalling a genuine global crusade against ‘communism.’ However, closer analysis of the details of the speech and the development of the Truman Doctrine reveal a different picture. The fundamental fact about the speech is that it came in the service of a remarkably small commitment – namely some \$400m to Greece and Turkey together. In terms of an actual commitment in international affairs, this was pittance, and hardly worthy of the millenarian rhetoric of the speech itself, let alone its elevation in cold war historiography as the beginning of ‘doctrine.’ In truth, the speech itself had more to do with the domestic politics of the US than with international affairs (Ubriaco, Jr., 1992).

That this was the case can be clearly seen from the way the Greco-Turkish loan was dealt with in Congress. Faced with conservative small budget elements in the Congress, Truman recognised that linking economic aid to anti-communism was the only way to get the bill through. Warned by others that he would have to ‘scare hell out of the country,’ and that ‘the US will not take world leadership effectively unless the people of the US are shocked into doing so,’ (Freeland, 1974, 89) Truman designed his speech such that Greece and Turkey appeared on the cusp of calamity. A sense of crisis was fostered, with the administration acting as though it had been taken by surprise and was simply reacting to external events. One of the most important speeches to this effect was by Dean Acheson, who predicted in March that Greece had one month to survive before it was bankrupt, the implication being that it would then be at the mercy of communists. By May, these scare tactics had worked, and the bill was passed (ibid, 90).

However, as early as December 1946, the State Department had been aware that the Export-Import Bank would not extend further loans to Greece and that it would eventually have to go before Congress to obtain any loans for it. Further, many US officials were on record in late-1946 predicting that British withdrawal was imminent. Despite Acheson’s apocalyptic statements regarding imminent Greek collapse within one month from March, the Bill was not actually passed until two months later, committees were not formed to expedite the aid until June/July, and actual aid did not commence until October 1947, fully 7 to 8 months after the ‘crisis.’ This pattern of events can only be explained by the fact that the urgency was a product of domestic politics rather than international affairs (ibid).

In fact, the Truman Doctrine speech should be seen less as a turning point in cold war affairs between the US-USSR, and more as another step in the ongoing development of administration strategy to gain funds for reconstruction purposes. Although the Greco-Turkish loan was, in the end, very small, its real import lay in the

framework of negotiation it set between the administration and Congress. Additionally, it was during this period that planning for the Marshall Plan began, and thus rather than a phase in US-USSR hostilities, the loan itself should be seen as a phase in the ongoing attempt to reconfigure domestic politics to prosecute international multilateral designs. As Freeland notes,

‘The technique of the Truman Doctrine was to invert reality by imputing the urgency of a political crisis in the US to the movement of events in the international sphere, particularly in Greece, thereby affecting an alteration of the domestic political situation, which, in turn, significantly influenced the international situation’ (ibid, 94).

However, as before, deploying such tactics created contradictions that posed problems for the administration. If anti-communist and anti-Soviet rhetoric was a successful device for obtaining Congressional and public support for administration programs, it nonetheless continued to obscure the real object of administration plans – European reconstruction. This was not lost on administration planners, who complained that Truman had replaced an economic program with a universal crusade. The consequences of this began to become clear when the Greco-Turkish loan hearings debated the issues, and the administration tried to back away from the rhetoric of the Truman Doctrine speech by reasserting their economic motives. Under pressure from Congressmen posing tough questions, Truman and Acheson were forced to hide their economic program beneath the veil of geopolitics. Once more, a victory had been gained by the administration, but on the basis of having to hide its true intentions (ibid).

The administration’s political wrangling in Congress had a counterpart in the broader society. This came in the form of a domestic policing program that would root out ostensible ‘subversives’ in American society, the most important aspect of which was the Federal Employee Loyalty Program which Truman launched 9 days after his speech. The House Un-American Activities Committee, made permanent in 1945, was staffed by some of the most right-wing elements of US political life, and after 1947 it rapidly expanded the scope of its activities. The bonus of this for the administration was that such domestic anti-communist purges excited support from the Midwestern regions of American politics, where opposition to administration programs happened to be strongest due to conservative ideology. However, as with the use of anti-communist

rhetoric in high politics, anti-communist purges in society carried contradictions which would later result in problems for the administration.

### **The Marshall Plan**

Planning for the Marshall Plan, or European Recovery Program (ERP) commenced in spring of 1947. This coincided with the creation of the Policy Planning Staff within the State Department, headed by George Kennan, whose first task was to prepare a report on European recovery. The report drew on Nitze's calculations from 1946 to suggest that sums of up to 20\$bn over 3-5 years would be needed. More worryingly, the indications were that the end of 1947 would see Britain, France and Italy in dire need of funds. This, after the administration had promised Congress that it would not seek to request more funds before early 1948. Then, in summer 1947, Britain, after prodding by the US, went ahead and fulfilled its commitment to make sterling convertible. The move proved a total disaster, and after a few weeks (in August), the British had to restore inconvertibility and institute a severe austerity program that curtailed imports from the US. The shock waves of this episode rippled through Europe, with France and Italy establishing similar restrictions on US imports (Gardner, 1969, 313-25; Leffler, 1992, 157-164).

British moves from summer to autumn 1947 represented a nightmare in the making for the administration. From thinking that Imperial Preference might be eliminated in the early part of the year, and looking forward to the first step being taken towards this in the shape of sterling convertibility, the administration now confronted autarkic sentiments from the British. British Foreign Minister Ernest Bevin now suggested an Empire Customs Union as a way out of Britain's economic problems, which amounted to a reinforcement of Imperial Preference. The Geneva Conference on GATT that summer saw the US having to backtrack on its desire for an end to British Preference, with the alternative being a breakup of the entire conference (ibid, 358).

While the longer-term program of multilateralism was now in trouble, there were more short-term pressing problems that underpinned the development of the Marshall Plan in 1947, since the next year would be an election year. As previously noted, the interaction of longer-term multilateral goals with shorter term concerns about surpluses in the US economy and the possibility of domestic recession should economic aid to Europe cease had been present from the beginning. However, what shows the



prevalence of concerns about the US domestic situation in the planning for Marshall Plan aid is the significant fact that the only measures ever used to calculate the amount of aid that would be required by Europe was the existing European payments deficit with the US itself. In other words, the calculations were not based on a numerical assessment of the needs of the European economies for reconstruction, nor on any economic models concerning productivity growth and the suchlike, but solely on the relationship between the US and European balance of trade. This fact alone shows the centrality of maintaining domestic exports to the development of US foreign policy (Freeland, 1974, 165).

However, this should not be taken to mean that the Marshall Plan did not also have important geopolitical aspects. Major problems apart from the dollar gap confronted the US in Europe in the form of communist strength in France and Italy, infiltration of the labour movements in these countries by communists, and French intransigence over German unification. Each of these problems would eventually be confronted using the Marshall Plan. Even more importantly, the Marshall Plan represented the most major attempt to date by the administration to use foreign economic policy to forge a new political geography for Europe. In other words, the building of the Western bloc and the politics of the Marshall Plan were inseparable (Cox and Kennedy-Pipe, 2005).

This was so because at this time the USSR was still interested in receiving US aid, and across Europe the idea that the continent would be split into two spheres of influence between the US-USSR was, where it was even considered, not a popular one. However, the Marshall Plan was explicitly designed so that it offered financial assistance for economic recovery, and not economic development. As such, its possible utility to the USSR was negligible. In reality, the Plan was clearly aimed at restoring the pre-war patterns of East-West trade that had prevailed in Europe, which was obviously inimical to Soviet intentions (Truman, 1955, 116).

Thus on both a political and economic level, US aid during 1947 which was a precursor to the Marshall Plan proper worked to forge a western bloc. In economic terms, US aid (and thus Marshall Plan) recipients were bound to the US by their aid package. Patterns of trade would be established which would create the conditions for the multilateral trading order the US sought, and away from the pre-war one which the USSR wanted. In other words, trade patterns would realign nations in their geopolitical outlook.

In more direct political terms, US aid attacked the power of communists in France and Italy. By strengthening the hand of bourgeois parties in power, there was no longer any need for them to co-operate with local communist forces, and thus they were removed from government posts. However, in the short-term, this had the unwanted effect of rising militancy within French and Italian trade unions, since communists in the unions no longer felt constrained by co-operative politics. This tendency was arrested by two means: on the one hand the US AFL worked assiduously throughout 1947 to break up French and Italian labour movements (Romero, 1992), while on the other hand the newly created CIA pumped large sums of money into anti-communist operations in both countries, even interfering directly in electoral politics in the case of Italy (Pisani, 1991). In addition to this, the French were brought to heel over their recalcitrance on the issue of Germany, and by waving the carrot of Marshall Plan aid whilst wielding the stick of cutting off access to Ruhr coal, the US convinced the French to merge their zone of Germany with bizonia in November of 1947 (Eisenberg, 1996, 318-362).

By autumn, US aid's success in solving the problem of communist power in France and Italy was palpable. With communists gone from parliament, the French elections in October gave De Gaulle's anti-communist party some 10% more of the vote than the communist bloc. Communists in the labour movements of each country were being purged or sidelined, both countries were being tied ever more closely to the US via aid. By November 7<sup>th</sup>, Marshall himself claimed that the advance of communism in Europe had been stemmed, and unsuccessful efforts by French and Italian communists to agitate strikes in the last months of the year back this up (Freeland, 1974, 173-75). To all intents and purposes, the major threat of communism in Western Europe had been dealt with, and this was prior to any actual Marshall Plan aid being sent. Existing programs in 1947 had accomplished these tasks.

However, while the task of crippling Western communist movements made great advances during 1947, the underlying reasons for the Marshall Plan had little to do with this aspect of cold war diplomacy, and thus the imperatives behind it gathered pace as the year wore on. These imperatives were, of course, the dollar gap and general trade imbalances between Europe and the US. As a top-level US planning report stated in May of 1947, it did 'not see Communist activities as the root of the present difficulties in western Europe' (Freeland, 1974, 253). For while the administration had successfully managed to get the Greco-Turkish aid package passed through Congress by coming out

with the Truman Doctrine, support for Truman's universalistic ideas was thin on the ground both publicly and in Congress. For this reason, Marshall Plan planning had to be undertaken mostly in secret throughout much of 1947, for fear that the large sums of money and main reasons for the plan would cause outcry. Indeed, the release of snippets of information about the true scope of the program caused consternation to senators such as Vandenburg who had backed the administration up until then. Worse still, Congress voted during the summer to raise new tariffs on wool, and Republicans rallied behind the issue of inflation which government spending was causing. This boded poorly for the Marshall Plan, and by autumn the conservative press were talking of the plan being dead (Hussain, 1989).

The predictable result of this was that in the autumn, the administration turned once again to anti-communist rhetoric to make its case for the Marshall Plan. During October, it made public what it had known for some time, namely that Europe was in dire straits and would need a large and sustained aid package, along with more immediate emergency aid measures. Despite the success that US aid had had in rolling back the threat of communism in major European countries, the administration used the strikes in the early winter of 1947 to make the case that there was a revolutionary insurrection in the making, even though the strikes were a reaction to US strategy in the first place. The tactic was successful, and Congress approved the initial immediate aid package to European countries (Freeland, 246-292).

However, once more the contradictions of domestic US politics remained central. 1948 was a presidential election year, and the Republicans were strong favourites to take office, with much of the public in tune with the small-government isolationist sentiments they expressed. The administration's tactic of anti-communist rhetoric offset this threat, since it outflanked the Republicans from the right and forced them into supporting administration measures for fear of looking weak. However, although it won the administration their battles over aid, it also produced more unintended effects. Specifically, Republicans took the aggressive tone of the administration's anti-communism seriously, and focussed on the administration's attempts to restart East-West, - up until then a key aspect of administration reconstruction strategy. When the British completed a trade agreement with the USSR in December 1947, the outcry was huge, and the uncovering of US-USSR trade was treated with even more venom. The upshot was that the Commerce Department was forced to end all trade with the USSR (Kolko and Kolko, 1972, 359-383).

The other side of this domestic coin was that pressure rapidly increased on the administration with regards to its internal security program. The aforementioned HUAC carried on its actions in political life, while the FBI dealt with ostensible subversives in the broader society, and the innovation of the Attorney General's list created a blacklist of individuals and organisations deemed to be communist. In addition, the administration put into effect a nationwide program of strengthening 'national security through education' in the words of an Office of Education report from 1947. Co-operating with powerful private sector institutions, this drive amounted to instilling the values of 'freedom,' 'capitalism,' 'democracy,' and so forth into the populace via the public schooling system. Large public rallies were organised in autumn 1947, and large numbers of people responded to the administration's patriotism drive by turning out and pledging their 'allegiance to the flag' in their thousands. Thus the atmosphere by the end of 1947 was virulently patriotic and anti-communist across the country, a situation fostered by the administration's campaigns (Freeland, 1974, 230-35; LaFeber, 1997, 49-73; Patterson, 1996; 165-206.).

With the interim aid package secured before Marshall Plan aid was supposed to come online, the administration's attention turned to garnering Congressional support for the latter. However, this was proving tough in the spring of 1948. Congressional opponents of the administration were becoming more resistant to the latter's tactics, compelling Truman to tread softly in his treatment of the USSR. In fact, in a public statement on March 26, 1948, Truman claimed that the USSR was 'a friendly nation and had been buying from the US right along,' the implication being that it would possibly be included in Marshall Plan deliberations (Freeland, 1974, 258). The administration also had to be careful when it attempted to test the waters by revealing the true target of the Marshall Plan, - when Marshall himself emphasised that US exports would benefit from the program, Republicans agitated over the possibilities of domestic inflation, forcing him to back away. The question of US tariffs, which the administration hoped would be lowered, was never broached. Thus the administration's case in the spring of 1948 for the Marshall Plan portrayed the plan as a kind of charity action, with the public woefully misinformed about it. The belief that the basis of the plan was charity, and not economic reconstruction, led to counter-proposals by Republicans for a plan with less money. If such plans were accepted, it would be disaster for the administration, but they threatened administration policy by their very reasonableness (ibid, 262-8).

With the above being the case, the administration needed something more than the usual universalistic denunciations of world communism. This came in the form of the Czech ‘crisis’ of February 25<sup>th</sup>, 1948, when Czechoslovakia ‘fell’ to communism. Shortly after, the USSR also concluded a mutual defence pact with Finland, which connected to the Czech episode by the administration as evidence that the Soviets were ‘on the march.’ In the early period of March, administration officials made ominous statements regarding these events: Marshall himself warned of a ‘reign of terror’; Byrnes implied that the USSR was advancing west; analogies to Hitler were made in the press by administration officials, and Soviet submarine sightings were reported. The sense of fear of war was palpable to contemporaries, and spread rapidly across the country (Kolko and Kolko, 1972, 384-402).

By mid-March, the fear of war had dissolved the opposition to the Marshall Plan in Congress. Republican counter-proposals to the plan were dropped, and important Republicans such as Herbert Hoover came over to the administration’s side. By the final week of March, the bill’s success was assured. From the administration’s point of view, the timing was vital, since getting the bill passed by early April meant that aid could be delivered to Italy in advance of the elections there (Kofsky, 1995, 141). This would give succour to anti-communist politicians there, and as previously in France, would help to convince people that communism was unnecessary.

Despite the atmosphere of impending war that permeated US politics during March of 1947, by the following month the fears had dissipated. Two months after the bill passed in Congress, the House Appropriations Committee reduced the amount the bill proposed somewhat, without a single complaint from the administration. Furthermore, the war scare took place against the background of the following known assumptions, widely recited in official US documents at the time: The USSR was devastated after WWII, could not fight a physical war against the US, and probably could not control a sphere of influence larger than that it had been left with after the war; US air supremacy (and the A-Bomb) gave it the ability to strike at the USSR should it choose to expand; despite clearly wanting to support communist parties in Western Europe, the USSR had been remarkably reticent to do so, clearly respecting the Western sphere of influence; past US responses to minor Soviet intransigence, such as over Iran and Turkey, had produced instant Soviet concessions and withdrawals (ibid).

Given these assumptions, the important question to ask is how did international events during late February to mid-March change matters? In the Czech case, it is clear

that far from being a straightforward 'coup,' communist ascendancy was merely a natural and predicted progression from the situation that had been left over from the end of the war. As Frank Kosfky has shown, some 8 months before the coup Czech communists had consolidated control over most of the major ministries in the government, most of the daily presses, and the US Ambassador to Czechoslovakia reported no evidence of direct interference by the USSR. Despite the ambassador reporting that the situation was clear indication that Czechoslovakia was heading towards becoming a Soviet satellite, the administration did not react (*ibid*, 93-94).

Both Marshall and Kennan were clear in private that neither thought that the USSR wanted a war with the US. In fact, the former was informed by the latter during autumn 1947 that should the Marshall Plan go ahead, the US must expect the USSR to attempt to consolidate their position in Czechoslovakia. Kennan reiterated this view in mid-March of 1948. In the aftermath of the coup, the CIA essentially concluded that it had been coming, and that it did not presage communist coups in other countries because of the peculiarities of the Czech situation. In other words, it was an isolated incident. As Leffler recounts, the US Ambassador to Czechoslovakia noted at the time that the Czech Communists were simply more politically savvy than their non-Communist political foes, and the coup was constitutionally quite legal (Leffler, 1992, 204-6). Thus both the realities of the coup and the recognition of such realities behind the scenes were quite different to the picture that the administration presented to Congress and the public.

From the point of view of the administration, and in keeping with a by now familiar pattern, the war scare was a successful strategy in the short-term to get the Marshall Plan accepted by Congress, but once again success came at a price. As before, focussing on the anti-communist threat still left the issue of lack of public and Congressional support for the administration's economic programs untouched. Votes were being garnered without convincing people that a large-scale reconstruction program was needed on economic grounds. Despite the large-scale propaganda programs in place to 'educate' the public, their understanding of the necessity for economic aid to fill the dollar gap was sketchy.

More importantly, the debate over the Marshall Plan in spring 1948, along with the war scare, created a dynamic which was to have far-reaching implications. For by focussing on the communist threat, the administration opened the possibility for politicians and representatives of the armed services to make the claim for rearmament.

This initially took the form of a debate between Marshall himself, who advocated Universal Military Training, and Truman, who resisted such a program believing it to be unnecessary (Freeland, 1974, 282). As the debate went on, the Department of Defense entered the fray, insisting that if hostilities were to commence, then rearmament was necessary. Many of the most sensational statements concerning the possibility of war with the USSR during the war scare came directly from Pentagon officials, eager to push their own agenda. This behaviour was entirely understandable since the DoD had been pushing for higher defence appropriations for some time, and complaining that the armed forces needed rebuilding. Secretary of Defense Forrestal was instrumental in pushing Marshall towards linking UMT with rearmament, despite the latter being unsupportive of higher defence expenditures, and Forrestal was also a key figure in promoting the war scare (Kofsky, 1995).

### **The Failure of the Marshall Plan**

Despite the way that the Marshall Plan is popularly portrayed, it was of far lesser stature than is commonly assumed. US and British officials, who worked closely developing the plan, knew that the aid would “cover Europe’s short-term needs rather than long-term requirements.” (Hogan, 1987, 51). While numerous historians have debated whether political, economic, or military concerns were foremost in the minds of its planners, the short-term nature of the plan stands out as important. This is so because it shows that the plan’s architects were well aware that it would not do the job of European reconstruction which was at the heart of the administration. The plan fulfilled the goals of giving Europe much needed capacity to import, while staving off autarkic moves by the British and Europeans (McCormick, 1989, 78) but it did not ultimately solve the broader problem.

By the end of 1948, however, appearances were deceptive and it looked as though going into 1949 the Marshall Plan was functioning well. The threat of communism across Western Europe had already been receding for some time, and the plan sent the Western European Left in general on the defensive since standards of living were being maintained by the US. For the time being, the plan offset the loss of Eastern trade, and it also allowed the US to pursue a number of policies that were internationally unpopular. The most important of these was the continuing reconstruction of Germany, which, for obvious reasons, was opposed across Europe.

Under the plan's aid package though, the US could funnel funds into Germany under the guise of humanitarian aid, thus cementing the progress that had been made in bringing the French to heel previously (Block, 1977, 86-88).

Nonetheless, the international picture obscured developments in the US economy which threatened the fragile fabric of the plan. Towards the end of 1948, the US experienced a recession, and slowdowns in growth for 5 out of the first 6 months of 1949. This was only a symptom of a more important underlying tendency in the economy, namely the erasure of the wartime production lag and the development of over-production. With supply outstripping demand, inflationary pressures changed into deflationary ones, overall economic activity fell, industrial production dropped, and unemployment rose (CEA, 1950, 31-33). In the long run, such a recession had relatively mild consequences for the US, and no doubt the over-production imbalance would correct itself in time. However, the international consequences were rather more severe.

In February 1949, British exports dropped, primarily in response to lack of demand from the recession-hit US. Given the fragile state of the British economy, another bout of austerity would be crippling, and so the British convened a meeting of all Marshall Plan-aid receiving countries and attempted to convince them to cut their dollar imports. While Britain's more far-reaching requests were resisted, they received commitments from some countries to pursue such reductions. When word of this reached US officials, the fear of an autarkic trend in Western Europe returned full force. Britain suffered consecutive drops in exports until June, and in desperation began to solidify bilateral trade agreements with India and Argentina. The latent problem of what would happen when Marshall Plan aid ended in 1952 now became more patent as it appeared that the plan's aid package would not even solve the short-term problem. By the second quarter of 1949, Britain's deficit with the dollar area was twice the size of its Marshall Plan aid. This prompted furious speculation throughout the second half of 1949 in the US business press that the dollar and non-dollar areas would diverge and become sealed off to each other, that Britain would restore its sterling bloc, that the US economy would again enter recession by the second half of 1950, and that there would be another sterling crisis during 1950 (Block, 94-96).

The rapidity of developments was startling to US planners, and raised 'profound apprehensions in Washington' amid worries that Britain 'might divide the free world into competitive trading blocs' (Leffler, 1992, 314). During the second quarter of 1949, the draining of British dollar reserves increased significantly, prompting the US



Ambassador to Britain to say that ‘drastic’ measures were being prepared there which would produce a ‘quasi-autarchic sterling area’ (Cardwell, 2011, 142) British Foreign Secretary Bevin began openly, albeit reluctantly, talking of a world with ‘three economies’ rather than two, and announced further cuts in British dollar expenditures (ibid, 145). Truman informed his cabinet on August 26<sup>th</sup>, ‘we are faced with a terribly serious world situation, a world financial situation.’ Britain was ‘practically busted ... and unless a solution to the problem is found our world recovery program is going to smash up and all our post-war efforts will go to pieces’ (cited in Ferrell, 1991, 325) Socialist commentators in Britain began both predicting and agitating for Britain to decouple itself from the US-led trading world (cf. Balogh, 1950).

As Block recounts, there were broadly two strategies developed to deal with the British crisis in the US government. One came from the Treasury, the other from the European Cooperation Administration. The former consisted of forcing the British to devalue the pound, whereupon all the major European countries would also devalue their currencies. This would induce greater sales to the US and other markets, earning European countries more dollars. Under severe pressure from the US, the British did devalue on September 18<sup>th</sup>, but managed to get concessions on discriminating against US imports, thus working against multilateral goals. In this sense, the US took one step forward and two back. Worse still, the initial fillip the devaluation gave to the US quickly evaporated as the devaluation actually had the opposite effect to that intended (Block, 1977, 96-99).

The other plan from the ECA consisted of tighter European integration. This had been a fundamental part of certain US planner’s ideas of how to solve the dollar gap, and many had been involved with Marshall Plan planning throughout its evolution. The essential idea was that the creation of a European-wide single market and European Payments Union would encourage competitive pressures across the continent and cause industry to modernise. This in turn would enable Europe to compete globally, especially with the US, export more to dollar area markets, thus closing the dollar gap. The main problem over time had been British resistance to this plan, since it held the seeds of diminished British power in the world. In addition to this obstacle, during 1949/50, the plan would simply take too long to affect the immediate problem. Furthermore, encouraging such integration was a double-edged sword: it could just as well produce ‘the institutional base for turning Europe into a monetary area that was insulated from the dollar area by a system of permanent controls’ (ibid, 102) – clearly a nightmare for

multilateralists. Congress had already had enough of European stalling on integration, and would not be patient any longer. Neither the Treasury nor the ECA plan would work (ibid, 99-102).

### **The Development of a Military Solution**

During the time when the Treasury and the ECA were developing their plans, the politics of rearmament began to intertwine with the failings of the Marshall Plan to create a new environment. In order to understand this, the institutional battle lines of the executive branch of the US government, and how they related to the broader political economy of US society, must be understood.

The politics of rearmament in 1949 revolved around two different camps. Though these two camps existed within the executive branch, their positions on the issue of rearmament intersected with, and to some extent evolved out of, the differences over overall government spending levels that had existed between the Administration and Congress in the preceding years. Roughly, the camps consisted of those convinced that military spending needed to be cut and the budget balanced, against those who advocated greater military spending. The small budget camp coalesced around the Bureau of the Budget (BoB), headed by Frank Pace, the Secretary of Defense, Louis Johnson, and Edwin G. Nourse, Chairman of the CEA. Their opponents consisted primarily of officials in the State Department, principally Dean Acheson and Paul Nitze (Fordham, 1998, 25-40).

During 1949, the evolution of the projected budget for military spending was downwards. The military budget for fiscal year 1951 was, by January 1950, set to be substantially lower than that of 1949. By the summer of 1950, this evolution had been radically altered, and a massive spending program set in motion as a result of a National Security Council report – NSC 68. Typically, this about turn is treated in standard IR accounts and much Cold War historiography as having come about as a result of international events, most especially the loss of China and USSR developing atomic weapons capability, along with the Korean War. Such accounts tend to assume that the rise in military spending was a rational response by a unitary state actor to external events, and that this fit into an overall dynamic of increased superpower confrontation that had been developing since the end of WWII.

However, such explanations do not accord with the development of the policies around military spending, and thus do not explain the development of NSC 68. In the first instance, it is not clear how the loss of China should be treated as an external ‘shock’ at all, given that it was predicted by the administration for at least a year before it happened. Indeed, the administration’s attitude towards China – that it was essentially ‘lost’ long before the communists officially took power (Acheson, 1969, 303) – was a source of contention between them and the mainly Republican ‘China Firsters’ in Congress. In this respect, the events surrounding the communist ascendancy in China bear a resemblance to those in Czechoslovakia the previous year.

More importantly, the timing of events does not support the idea that changes in administration policy were due to external factors. Through 1949, the ideas of the BoB-centred officials held sway in overall administration policy, buttressed as they were by the support of conservative Republicans in the Congress, and important institutions like the Chamber of Commerce. On July 1<sup>st</sup>, cuts were agreed at a budgetary meeting, and despite long-standing concerns from military officials about the status of the armed forces, there was no dissent. On September 30<sup>th</sup>, a meeting of the NSC convened to discuss the recent NSC 52/2 policy document. Neither the impending loss of China nor the Soviet bomb were even mentioned at this meeting, despite the fact President Truman himself had announced the detection of the Soviet atomic test to the public on the 23<sup>rd</sup>. By January of 1950, and in ‘response’ to these external ‘shocks,’ Truman had, on the basis of NSC recommendations, prepared a budget which would cut military spending from its 1949 levels (Fordham, 1998, 41-74).

The question thus remains – what caused the change in policy from cutting the military budget, to enormously increasing it? The answer to this question requires attention to the following: The change came as a result of the ascendancy of the ideas of the Nitze-Acheson camp over the BoB camp in the executive branch, which also involved confronting a reluctant President (Beisner, 2006, 236-251); The change did not come as a result of anyone being convinced by external events to change their mind on the issue of military spending, it came as a result of key changes in personnel at the executive branch level; these changes were not related to external events since they occurred far too late for them to be the causal factor in bringing them about. Thus explaining the changes in policy requires tracing out the bureaucratic struggles around military spending, and relating them to other motivating dynamics on the part of those who fought the struggles. As will be seen, the primary ‘other’ motivating dynamic on

the part of those who agitated for higher military spending was to find a solution to the dollar gap problem.

The groundwork for NSC 68 was laid by Nitze and Acheson during October of 1949. That the dollar gap played the crucial role in their formulating of NSC 68 can be attested to by a number of pieces of evidence, showing that military spending was perceived as the solution to a geoeconomic problem. At meetings over the direction of US foreign policy, Acheson and Nitze constantly projected their fears that the winding down and termination of the Marshall Plan would herald doom for the Western world. The key year for both in this respect was 1952, when Marshall Plan aid was due to terminate. As Acheson said at a PPS meeting on October 11<sup>th</sup>, ‘unless we face up to what we want, decide on how to get it, and take the necessary action the whole structure of the Western world could fall apart in 1952’ (FRUS, 1949, Volume 1, p. 401). Since the only major event on the horizon in 1952 was the ending of Marshall Plan aid, Acheson could only have been talking about that, showing once again the seriousness with which the foreign aid problem was perceived by him. Once again, it is worth noting that this problem was deemed most important at this time by Acheson (and others), and not the problems of losing China or the development of the Russian bomb.

However, in order for Nitze and Acheson’s ideas to become the driving force behind foreign economic policy, momentum had to be built behind them. This happened in two interrelated ways, - by the sidelining of those opposed to military spending, and actively gathering support from key institutions and individuals. The most important of these shifts was Nitze’s replacement of George Kennan as the head of the PPS in January of 1950. Kennan’s opposition to higher military spending was well known, - in fact, despite his reputation as the architect of US Cold War foreign policy, his own view was that the Soviet Union posed little military threat and could be contained with a minimum of effort. His replacement by Nitze put the latter in a key position of power to push his policy recommendations. It should be noted here that no form of conspiracy is implied – Nitze himself did not somehow manufacture Kennan’s departure. What this shows is that not only was NSC 68 fundamentally a policy aimed at the dollar gap problem, but also that its development owed as much to fortune as to design. Given one or two historical differences, the policy may never have come to fruition at all (Fordham, 1998, 75-102).

During this period, important business interests were also brought on board with the planning in the State Department for higher military spending. The links between

the multilateralists and Eastern seaboard commercial interests has already been noted (Ferguson, 1989), and these interests played a key role in supporting NSC 68 as it developed. Of 6 consultants asked to review NSC 68 in its early stages, 5 were drawn from Eastern financial and academic institutions, with opposing voices being brushed aside. The role of these consultants was clearly a rubber-stamping one – they had no real input into the plans which were mainly developed by Acheson and the now Nitze-led PPS. However, they served a vital function in securing broader support for the program (ibid).

Indeed, although NSC 68 represented a radical shift in US foreign policy, it also grew out of existing programs to a certain extent, although the scale of these programs was tiny compared to the ones that NSC 68 put into action. During 1948 planning had been underway for the Military Assistance Program (MAP), which would provide assistance for mutual European defence. However, as was clear from the beginning of the program, it was by no means straightforwardly about ‘defence.’ In fact, the major goal of the program was to instil confidence and unity in the Europeans so that the Marshall Plan would be more efficacious. In other words, it was more of a psychological boost than a military one that was intended.

That this was the case is attested to by the major scholarly study on the MAP (Pach, 1991). In summer 1948, Harriman messaged Truman to authorise the MAP’s shipments of arms on the grounds that the effect on European public opinion would be ‘inspiring.’ Pach goes on to note that the ‘military value of these transfers was “not important”’. A demonstration of resolve was what was required. Shipments of aid to France were actually all but militarily useless, ignoring as they did French military requirements and focussing exclusively on small arms. However, given that the role of the program was, in the CIA’s words ‘primarily psychological,’ the technicalities did not matter (ibid, 201-206, 219). From the point of view of NSC 68, the key thing was that the institutional basis for funnelling dollars into Europe via military spending (but not for military purposes), existed beforehand.

Domestically, the issue of military spending began to be seen in a different light during this period too. As Acheson and Nitze rallied important business elites to their cause, there were even outright calls for military spending and national economic welfare to be seen as interlinked. One of the most interesting of these calls came from Bernard Brodie, a military strategist known as the ‘American Clausewitz.’ In 1950, Brodie published the paper ‘National Security Policy and Economic Stability’ where he

theorised what would later become known as ‘Military Keynesianism.’ The main argument was summed up well by Brodie himself:

‘The security expenditures currently prevailing are well within our economic capacity to adjust to, without inflation or reduction in standards of living, given sufficient courage on the part of our political leaders. In fact, the present high rate of expenditure on the military forces must act as a stabilizing influence on our economy so long as it is itself stabilized, and such stabilization would also advance the ends of the economy and efficiency in our armed services. As a definitely secondary consideration, the attainment of ideal stability in direct military appropriations would still leave a margin of additional security expenditures flexible enough to be available for contra-cyclical manipulation. This margin would be relatively small, but would nevertheless have a significant place among all the other budgetary and fiscal devices available for the purpose’ (Brodie, 1950, 29)

With such ideas floating around elite circles in US political life, Nitze and Acheson used the spring of 1950 to write up what would be known as NSC 68, and to ‘bludgeon the mind of top government’ as Acheson put it (Fordham, 1998, 48). By keeping opponents of rises in military spending, such as Secretary of Defense Johnson, out of the loop while they planned, Nitze and Acheson were able to disseminate the report throughout the DoD and to the Joint Chiefs of Staff and obtain their approval. By the time opponents such as Johnson found out about the plan, it had already garnered considerable support from defence and military officials who, of course, had a vested interest in seeing their budgets rise. As Benjamin Fordham has shown, Truman was convinced by the arguments for higher military spending by spring and summer time 1950.

This was clearly on the basis of Nitze and Acheson’s proposals, and had little to do with outside events. The loss of China and the development of the USSR bomb cannot be cited as the operative factor in Truman’s change of policy on military spending, since all the evidence shows that after these events he was committed to lowering military spending. However, it is often suggested that what really changed Truman and the administration’s mind on military spending was the invasion of South Korea by North Korea that summer. In other words, the chain of causality is said to run from Korea to NSC 68, from external event to internal change. As will be seen in the

next chapter, even if this were true, it would still not negate the overall argument made in this chapter that higher military spending was aimed not at military but at economic problems.

However, Fordham offers compelling arguments that Truman accepted NSC 68 before the Korean War started. Firstly, although Truman did not officially sign NSC 68 until September 30<sup>th</sup>, this shows little about the official status of the program. More likely than a lack of support, it indicated that Truman wanted to allow the BoB time to calculate and collate the figures on the program. Secondly, some have argued that NSC 68 was not widely supported in the administration, and that only Korea secured the conviction that it was necessary. However, while there was plenty of dissent from outside the Executive branch, the criticism misses the way that opponents of higher military spending within the Executive were either sidelined or resigned from key positions. By the spring of 1950, Acheson and Nitze had secured support from many people in key positions within the Executive. Thirdly, Truman and Acheson's private recollections back up the notion that NSC 68 was accepted policy before its official approval, and Nitze himself recorded that NSC 68 was 'operative policy' long before Truman officially approved it. Overall, the likelihood is that Truman was convinced of the Nitze-Acheson plan, NSC 68, prior to Korea (Fordham, 1998, 151-202; Pierpaoli, 1999, 1-48).

## **Chapter 5: The militarisation of the Cold War, The Rise of the Military-Industrial Complex and the National Security State**

This chapter is divided into two parts. First, it continues the narrative of the previous chapter in analysing how military spending programs succeeded in doing what normal economic aid programs could not. With the parameters of US politics severely constrained by the politics of anti-communism and domestic policy currents that emphasised budget draw-downs, the price to be paid for US success in effecting its strategy for reorganising capitalist space after WWII was militarisation. With the Acheson/Nitze plan for NSC68 coming to fruition, massive military spending became entrenched in US politics.

Second, the chapter analyses how increased military spending budgets amplified dynamics that had been set in place during WWII. The creation of a permanent defence-sector, with its own self-sustaining and expansionary logic, took on new significance as the 1950s unfolded. This fully-fledged MIC linked scientific and technological progress to the conduct of foreign policy in such a way that the former became a significant factor in the latter. It also caused a structural change in Congressional-Executive relations, which underpinned a new mode of Executive foreign policy formation in the US. Militarised public-private institutions that were ostensibly civilian formed a strategic policy nexus that took shape during the 1950s and 60s. The most visible result of these trends was the conduct of the Vietnam War, which exemplified them at their most extreme.

### **Military spending and the dynamics of US spatialisation strategy after 1950**

The interaction of the war in Korea and the geo-economic spatialisation strategy that had underpinned US foreign policy since WWII further encouraged the geopolitical order of the Cold War to emerge. However, while most accounts stress US-USSR confrontation as the main source of the geopolitical order, I emphasise how the order emerged from the incubator of events covered in Chapter 4. As shown previously, the war was, in many ways, the perfect vehicle through which the administration could carry on its plans for reconstructing the global trading order. This is by no means to claim that the war was started for such purposes, but that understanding how the Korean



War interacted with domestic US processes is vital for understanding why the Cold War became militarised after 1950.

### **The Korean War and Military Spending**

While the war ostensibly provided direct evidence of Soviet aggression, it was also a limited war since neither the US nor the USSR wished to wage all out war over Korea, and both were cognisant of the other's preferences in that regard. Although the Chinese posed more of a threat in the beginning, in that they were willing to risk a major conflict with the US, this threat quickly passed as it became clear that it would be impossible to remove US forces from Korea by force. Thus by late 1951, after roughly over a year of the war, a stalemate settled which neither the US nor the USSR wanted to escalate to World War Three, and which was contained within the borders of Korea without the risk of spilling over onto the Chinese mainland. Despite this, the war was to last until July 1953.

Although the war was, from the point of view of combat, a brutal standoff, its effect from the point of view of the administration's plans for higher military spending could hardly have been more dramatic. Prior to the war, the DoD's budget for fiscal year 1951 was \$13.3bn, with supplementations of \$1.1bn for the MDAP and around \$4bn for Marshall Plan assistance, yielding a total of around \$18.5bn. By the end of the 1951 fiscal year (end of June, 1951), military related spending had shot up to around \$65bn. This total was the aggregate of numerous smaller packages – supplemental appropriation packages – that the administration proposed and Congress passed. For instance, the first such package was passed on September 27<sup>th</sup>, 1950, to the tune of \$17bn, with \$11.6bn going to US armed forces, \$4bn to European rearmament via the MDAP, and the rest towards stockpiling materials and the Atomic Energy Commission ('Truman Signs Bill for Arms Billions' *New York Times*. September 28, 1950, p. 12)<sup>9</sup>. A similar bill passed through the next month in November ('House Votes 18 Billion More, Arms Total Now 42 Billion' *New York Times*. December 16, 1950, pp. 1; 5), as well as a \$3.1bn bill for civil defence in January of 1951 ('Truman Signs Bill For Civil Defense' *New York Times*. January 13, 1951, p. 7).

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<sup>9</sup> I am grateful to Professor Dominic Cerri for allowing me access to his 1996 MA Thesis which pointed me in the direction of many of the New York Times sources for military spending budgets cited in this section.

While peacetime military spending rose to unprecedented levels, the politics behind the increases was nicely revealed by the differing reactions of Congress towards administration requests for military spending versus social spending. Truman's annual budget address of January 15<sup>th</sup>, 1951, estimated that the total federal budget for the fiscal years 1951 and 1952 would be \$182bn, out of which fully \$142bn (or 78%) of which would be for military and security purposes. Congress's reaction was supportive. However, when it came to the just under \$10bn that Truman asked for domestic programs, Congressional conservatives attacked with charges of bringing in 'socialist' policies through the back door ('Truman Submits a 71.5 Billion Crisis Budget; Asks 16 Billion Tax Rise For Arms' *New York Times*. January 16, 1951, pp. 1; 24; 25). Thus passing staggering sums for military spending had become possible, while social spending on healthcare, education, and so forth, remained a source of Congressional antagonism.

The requests kept coming. In April, 1951, Truman requested \$6.4bn more ('\$6.4 Billion Bill For Arms Signed' *New York Times*. June 1, 1951, p. 12). Later on that month, Truman submitted his budget proposal for fiscal year 1952 to Congress, asking for \$60.6bn for the defence budget. Despite knowing full well that the USSR did not want a full-scale conflict over Korea, Truman justified his request by claiming that such sums were the minimum necessary to avoid a world war ('60 Billion Asked In Defense Budget To Bar World War' *New York Times*. May 1, 1951, pp. 1, 24). Once more, such claims managed to alter the parameters of possible spending that Congress would allow. The eventual figure Congress passed was \$56.9bn, signed by Truman on October 18<sup>th</sup> as an Armed Services Bill. Some \$35bn of this was shared between the Air Force, Army, Navy, and Marine Corps, while the rest went to the DoD, NSA, and NSRB ('Big Military Fund Signed By Truman' *New York Times*. October 19, 1951, p. 14).

However, this budget did not reveal everything. Supplementing the Armed Services Bill was \$5.86bn for worldwide military construction program, which included constructing a ring of secret air bases around the USSR neutralising completely any threat it posed from a combat point of view ('President Signs 5.8 Billion Bill For Bases, Including Ring Of Air Fields Around Russia' *New York Times*. September 29, 1951, p. 3). More importantly, military spending for fiscal year 1952 also included \$7.3bn for foreign assistance. This was mainly for Europe, and would get there via the Mutual Security Program (MSP), while the Mutual Security Administration (MSA) replaced the agency that had administered the Marshall Plan, the Economic Cooperation

Administration (ECA). This meant effective termination of the Marshall Plan a year earlier than had been scheduled, but the replacement of the ECA by the MSA signalled a transformation, rather than termination, of the institutional mechanisms of the Marshall Plan. Administrative heads remained, and the program was simply expanded to include military aid. For the MSA, Truman got roughly \$6bn in military aid and \$1.4bn in economic aid, of which Europe received \$5bn military aid and \$1bn economic aid. The sum of this aid matched the projected dollar gap in Europe for that year ('U.S. Said To Plan 7 Billion Aid In '52' *New York Times*. December 24, 1951, p. 6).

Thus the military budget for fiscal year 1952 came to \$70bn, all of which was planned for purposes *other* than fighting the Korean War. Similarly, the budget for fiscal year 1951 had seen just 8% of the total go towards fighting in Korea, and this was by far and away the most intense year of fighting. The costs of the war in fiscal year 1951 had been calculated at around \$5bn by the administration, and the costs for 1952 were predicted to be roughly the same, probably somewhat less if fighting did not escalate ('Warning of Dim Peace Hope Speeds House Arms Debate' *New York Times*. August 9, 1951, pp. 1, 10). So out of a military budget which by the end of 1951 had exceeded \$70bn, and was projected to rise, less than 10% of it was going to go on fighting the war.

### **Developing Foreign Assistance by Other Means**

In the context of Congress's hostility towards economic assistance abroad in the post-war period, the administration's ability to coax huge amounts of out of it when requests were made for military spending assumed great significance. With the failure of the Marshall Plan had come a certainty in the administration that Europe would have to be rebuilt through other mechanisms. The institutional form of those mechanisms would change substantially from the Marshall Plan, but their end effect would be what the administration desired, and what European leaders desperately needed. A memorandum prepared in the State Department explained the situation carefully, referring to a whole array of economic and military measures that the administration wished to undertake ('Legislation for Foreign Aid Programs' Memorandum prepared in the Department of State. Transmitted by Carlisle H. Humelsine, Deputy Under Secretary of State for Administration, to Under Secretary of State Webb on November 16. *FRUS*. 1950, Vol. 1, pp. 407-413):

‘Now more than ever it is vital that in approaching Congress we give them a complete story of what we are trying to do on a global basis and why we are trying to do it. Each part of our legislative program must be related to our over-all objectives. All of the aid programs mentioned above fall under the objective of strengthening the free world. They make sense only when considered together. Each part can be more easily attacked than can the whole program. Not only in presentation but in the Congressional debates it is vital that the totality of our program be debated at one time. Therefore, it is highly desirable that all of the grant aid programs be put in one piece of legislation. Furthermore, separate pieces of legislation would lose the administrative flexibility and mobility of funds which should be achieved through legislation and appropriations covering as broad areas as possible’ (Ibid, pp. 408-409).

The memorandum went on:

‘The broad objective of strengthening the free world as<sup>10</sup> [sic] approached with two related but separable types of program. Our emphasis in Europe and a few other countries is primarily to help build military strength. Our emphasis in most other area is to help achieve economic progress as a basis for the maintenance of stable and friendly governments. It seems desirable, therefore, if it is feasible, to deal with the European problem in one title. We have been furnishing three kinds of assistance to these areas, (a) military end items, (b) economic aid in support of the military effort abroad, (c) aid to achieve European economic recovery. The advantages of combining all of these types of aid in one title are as follows. (1) *Congress is more likely to be sympathetic towards a program based on military security than one in which part of the justification is based on continued economic recovery.* (2) The three types of assistance are in effect closely inter-related. *Maximum flexibility is needed between funds available for procuring U.S. manufactured end-use items and for the production of such items abroad. The distinction between aid in support of foreign military effort abroad and aid for economic recovery is largely artificial.* If part of economic aid were put in a

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<sup>10</sup> Clearly this should be ‘is’.

separate appropriation under the label “recovery” and used primarily for certain countries where the military effort was slight in relationship to the amount of aid required those countries might feel it reflected an attitude on our part that their military effort or strategic positions were relatively unimportant’ (Ibid, p. 409. Emphases added).

The memorandum noted the possible problems of attempting to use military spending in this fashion, and warned that some of the aid to Europe might have to be requested under older Marshall Plan legislation:

‘There are several reasons for requesting part of the funds needed under ERP legislation. It would be hard to justify to Congress the amount of aid needed for Austria, Germany, Greece and probably Italy on the basis of the military effort of those countries. Furthermore, the abandonment of the ERP at this stage might be interpreted abroad as indicating a lack of interest on our part in their welfare and internal stability and a resolve to sacrifice these objectives in order to build up a fighting force in our own defense. It might in fact be difficult to give sufficient weight to the purely economic objectives which we have been heretofore pursuing under legislation designed primarily to support a defense program’ (ibid).

It is clear from this memorandum that the basics of how military aid could be used to do what the Marshall Plan had failed to do were understood. It is also clear that Congressional hostility to foreign aid programs was to be overcome by pitching the programs as military-oriented rather than simply as economic aid or ‘charity.’ Military aid and economic aid were to be seen as flip sides of the same coin, with the distinction between the two ‘artificial.’ Additionally, the third quotation above shows a clear concern with a possible contradiction in the program, namely that it would be hard to justify military aid to certain European countries since their ‘military effort’ was negligible. This clearly shows that aid to those countries was primarily of an ‘economic’ nature, even if it was couched in military security terms, and that the author of the memo understood well that such funnelling of economic aid under the guise of military aid would raise the ire of Congress. As it turned out, such fears were unnecessary, - the figures for military spending cited in the previous section amply attest to this.

The blurring of the lines between military and economic aid must be understood from both sides of the coin – i.e. from the donor side and the recipient side. As previously mentioned, such blurring allowed US planners to pitch economic aid as ‘defence’ oriented, which broke through Congressional limits on spending in general. However, the mechanisms by which military spending could function as a tool for reconstruction to foreign, especially European, countries was just as vital. In addition to closing the dollar gap in a purely numerical sense, military aid also changed and stimulated the economies of donor countries in ways which ensured that the dollar gap would be closed for good.

The literature on the economics of military spending is, by now, vast. Typically, however, it has a primarily domestic orientation: in other words it is concerned with the effects of military spending on the *domestic* economy as opposed to other forms of government spending. In basic terms, the issue is one of the effects of military spending versus social spending. In an abstract sense, economic theory suggests that the multiplier effect of military spending should be much like other types of social spending, although the latter is to be preferred for greater secondary chains of multiplied re-spending that it induces.<sup>11</sup> However, although in an ideal sense social spending might be preferred by neo-Keynesian economists such as Samuelson, military spending carries with it the possibility of stimulating technological innovation in a way unmatched by other forms of spending (Galbraith, 1972, 232-236). While these issues have largely been focussed on the domestic effects of military spending, they are nonetheless relevant to economic stimuli that come as a result of foreign military aid.

Thus as well as closing the dollar gap in a quantitative sense, the foreign military aid programs the US initiated had a *qualitative* effect too. The programs were not simply a stop-gap measure as the Marshall Plan had turned out to be, they constituted nothing less than a large-scale program of economic engineering, and by proxy, social engineering. As van der Pijl has noted, Marshall Plan aid also attempted to force a qualitative and ‘profound transformation of European society along the lines of the American New Deal,’ that would ‘provide an alternative to socialism’ (Van der Pijl, 2006, 38). Thus, we might say that the Marshall Plan had an important qualitative

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<sup>11</sup> See for instance, Samuelson (1976, 820-821). Ironically, in lauding the benefits of social spending stimuli as opposed to military ones, Samuelson claims that ‘The two miracle nations in the years since 1950 have been Japan and Germany – defeated nations forbidden by treaty to waste their sustenance on military expenditures!’ As we will see, contrary to Samuelson’s imputations, these ‘miracles’ did rely on military spending, just not German or Japanese military spending.

effect, but failed quantitatively. The military aid programs that succeeded the Marshall Plan, on the other hand, succeeded in both a qualitative and quantitative sense. Arrighi accurately sums things up:

‘European integration and world economic expansion required a far more comprehensive recycling of liquidity than that involved in the Marshall Plan and other aid programs. This more comprehensive recycling eventually materialized through the most massive rearmament effort the world has ever seen in peacetime ... Massive rearmament during and after the Korean War solved once and for all the liquidity problems of the post-war world-economy’ (Arrighi, 1994, 296-297).

The Marshall Plan had attempted to solve a number of problems at once: The dollar gap (trade imbalances between the US and the rest of the world); encouraging the restructuring of Western Europe to increase its economic productivity; encouraging European economic integration to achieve markets of scale and a trade boost; encouraging political integration to ensure that countries would be locked into a Western-oriented bloc, which served the dual purpose of cementing their alliance with the US and turning them away from the USSR. While each of these objectives was met with limited success by the Marshall Plan, it was not until the rearmament programs from 1950 onwards that they were seriously tackled. Through the institutions that developed as militarisation proceeded (with the Korean War as a backdrop), US planners were able to accomplish numerous tasks, to which we now turn.

### **The International Economic Effects of Military Spending**

The evolution of military aid programs and institutions during the Korean War represents a gradual development of institutional capabilities. However, rather than this development being linked simply to the capacity to make war, it was at least partially, and sometimes majorly, a function of developing the capacity to socially engineer economic, political, and geo-political change abroad. As noted in the previous chapter, the MAP was already in place in 1949, and was designed to boost Europeans ‘psychologically.’ The implementation of the MAP saw it evolve into the MDAP, then the ISAC, and finally the MSP. The big catalyst for this evolution was the development

of NSC 68 and the massive programs of military spending it triggered, without which the MSP would either never have developed, or would have been substantially limited.

From the moment the MAP became activated as the MDAP, it contained the seeds of important 'international Keynesian' programs funded by military means. The first of such programs was the AMP, designed to promote the production of military items in NATO countries. Initially, these programs were supposed to be funded by the NATO countries themselves, although as we will see, that would change over time. However, in late 1949, it was enough for such programs to be initiated, since they provided a basis on which European unity could be founded. As Acheson remarked to Truman at the start of 1950, for the NATO countries to 'agree on a common basis for defense would scarcely have seemed possible a relatively short time ago,' and signified a 'growing spirit of co-operation' among NATO members ('The Secretary of State to the President.' 3<sup>rd</sup> January, 1950. *FRUS*, Vol. 3, p. 1).

Despite such optimism from Acheson in January, 1950, difficulties attended the birth of NATO integration. The next month, the US chargé d'affaires in Britain noted a 'diminution in the strength of the conviction of [the] European public,' and of 'the essential rightness' of both the NATO integrated defence concept, and the 'concrete political and budgetary steps necessary' to make it a reality ('The Chargé in the United Kingdom (Holmes) to the Secretary of State.' February 17<sup>th</sup>, 1950. *FRUS*, Vol. 3, p. 21). This was a problem for US planners, because of two reasons. Congress had pushed since the war for European integration, and when it had not been forthcoming, this had typically soured its willingness to sanction aid programs. The knock on effect of this was that administration planners had to promise that European countries would pay their own way when it came to rearming. However, this could place severe stresses on their own populations, by diverting spending for reconstruction and social purposes towards military spending. This led to a potentially embarrassing situation for the administration, as it was busy telling Congress and the public that Europe needed rearmament and integrated defence to stave off the Soviet threat, while Europeans themselves were less concerned about the Soviets and more concerned with issues such as hunger and unemployment.

All this meant that even in early 1950, there was a danger that such 'indicated tendencies could lead to [a] resurgence of the neutrality complex in West Europe' (ibid). A number of potentially destabilising events had coalesced, - the development of 'the H-bomb, Soviet success in the Far East, [the] McMahon proposal, Churchill[s]



proposal for talks with Stalin,’ (ibid, 22) – to produce a situation which ‘could weaken the will to build Western solidarity and strength’ (ibid). Even if NATO countries were not about to leave the organisation, the public mood across Europe would make it very difficult to justify closer military integration and a focus on defence over economic rebuilding. Spring 1950 seemed a difficult time for the administration over their plans for Europe, as the fledgling programs of the MDAP (and AMP) were insufficient for the tasks at hand.

However, important ideas were being developed which would prove to be vital for resolving these issues. In an letter sent on the 29<sup>th</sup> of March, 1950, Executive Director of the European Coordinating Committee of the MDAP, Charles Bonesteel, outlined what would become crucial institutional innovations to Jack Ohly, the Deputy Director of the MDAP (FRUS, Vol. 3, pp. 36-40). Bonesteel made clear that his letter was intended for broader discussion within the administration, and crucially both Acheson and Nitze, the architects of NSC 68, read the letter (Cardwell, 2011, 223). Bonesteel began by outlining that US plans for Europe were generally correct, but that they faced insuperable problems. Chiefly amongst these were the enormous scale of expenditures required to pull off reconstruction and integrated defence, which Bonesteel estimated at \$30bn. As previously discussed, the likelihood of European governments being able to divert money from social spending for such programs were zero, raising the chances that people would ‘react like ostriches burying their head in the sand’ (FRUS, Vol. 3, pp. 36-40).

Bonesteel next recounted how Europe had become an industrial powerhouse, but that the ‘world economic and political dislocations’ (ibid) of the day were making it hard for living standards to be maintained. In the context of European unwillingness to conduct a program of rearmament in the face of such dislocations, Bonesteel offered the following:

‘The essence of the approach I want to suggest is that an important segment of European productive capacity be utilized, with American aid, to produce most of the arms required for Europe’s re-strengthening. In other words, a vastly broader approach to the problem of “additional military production” in Europe. At present we are working on the basis of a few million dollars worth of assistance to AMP under the caveat of not jeopardizing economic recovery. The results are discouraging and there is little broad incentive involved. Can we not enlarge the

present concept of AMP to relate it to very substantial increases of European military production with American economic and military assistance, both direct and indirect, permitting utilization of European productive capacity with a coordinated working out of the future economic and political as well as the military policies of the US vis-à-vis Europe?’ (ibid, 38)

He went on to note that France, Italy, and Belgium had already indicated that capacity for military production on their part was not a problem, but financial problems were. West Germany also had the capacity, and also was the home of heavy goods industries which could be used to provide the basic materials for the rest of Europe’s rearmament. Such potential physical capacity lay idle, since military budgets were squeezed in favour of social spending, and since economies were ‘directed into export production drives in the effort to get foreign exchange to buy both industrial raw materials and food’ (ibid, 39). Bonesteel explicitly mentioned that the impending cut-off of Marshall Plan aid would exacerbate these problems. What was required was an approach which would ‘greatly benefit both military production and the economic situation of Europe in the future’ (ibid). For Bonesteel, two important components of such an approach could be:

‘(a) Considerably increased direct dollar assistance to European military production aimed at increasing or converting capacity and not excluding consideration of “pump priming” partial financing by the US of transfers of finished equipment from one country, like Italy, to others – a sort of partial “off-shore purchases” of finished equipment.

(b) Overall aid to Europe in “kind”, perhaps by providing part of our agricultural surpluses of food, cotton, tobacco and other raw materials possibly as grants related to the Military Assistance so as to decrease the pressure of the foreign exchange, including the dollar, problem, and help provide the economic and financial basis for greatly expanded military production.’ (ibid)

To sum up then, Bonesteel was advocating the following solution to Europe’s woes: the US would pay them to built military equipment, which would obviously help with European rearmament, but would also solve the dual economic problem of the dollar gap and European under-utilisation of industrial capacity.

By the next year, Bonesteel's suggestions had come to life in spectacular fashion. The MDAP was officially superseded by the MSP in December of 1950, when Truman approved it. However, it wasn't until May 24<sup>th</sup>, 1951, that he proposed it to Congress, and it took until October for it to be up and running under the stewardship of Averell Harriman. The creation of the MSP also saw the creation of ISAC, a committee formed of personnel drawn from most of the important state agencies, which made it an important hub unifying various policymakers. The primary objective of the committee was to find ways in which European countries could produce military goods for rearming, whilst also modernising their economies. To these ends, three measures were outlined: - offshore procurement, the use of counterpart funds for rearming, and the production of end-items in Europe. These will be explained more fully below. The records of this committee make it clear that the MSP was the result of these measures, since its workings correspond precisely with the ISAC's plans (Cardwell, 2011, 230-234).

In addition to the ISAC, the MSP was administered by the MSA, which had its own Public Advisory Board. This board was made up of various leading elites, drawn from banks, colleges, unions, media outlets, and all manner of important institutions across the country (ibid, 235). The reports of this Board across a two year period amply testify to the way in which military spending was used to rebuild Europe. As Cardwell notes, military assistance to Europe helped to finance a whole array of things, such as increased production of iron, steel, petroleum, chemicals, paper, cement, and automotive products. It also helped with mining potash, coal, iron, and drilling for oil, as well as building power facilities, communications networks, roads, railways, air transportation systems, canals, harbours, and even fishing boats. Agriculture was aided too, through purchases of farming equipment and vegetable seeds cultivation. Infrastructural development was encouraged by purchasing heavy earth moving machines, and all manner of machinery for building roads and so forth. In other words, the list of items paid for by US military assistance was extensive (ibid, 236-241). By 1952, the Board was reporting that the MSP had 'aided nearly all sectors of Western Europe's industrial economies' (ibid, 237).

Thus the way in which military and economic objectives had become bound together in US policy reflected the fact that the response to events in Korea was fundamentally conditioned by the geo-economic logic that shaped administration

planning. Examining the concrete mechanisms by which military aid functioned further reveals this. One year on from NSC 68, a follow-up report was commissioned – NSC 114/2. This report revealed how far concepts of ‘security’ and ‘defence’ had become bound up with the project to rebuild European economies. The section of the report dealing with foreign economic and military assistance began by stating that,

‘The basic U.S. objective in Europe which the aid program is designed to aid in fulfilling is the creation by the NATO members of a level of defensive strength which will deter Soviet aggression.’ (‘Foreign Economic and Military Assistance Program’ NSC 114/2, Annex No. 2. *FRUS*. 1951, Vol. 1, pp. 412-423. The quote here is from p. 412).

However, it then went on:

‘In providing additional resources to the NATO countries, it is envisaged that a variety of methods may be utilized. Thus a major portion of the resources to be provided will be in the form of military equipment produced in the U.S. Another method to be used will be the direct financing of general imports from the dollar area. A third method will be the payment in dollars for military equipment produced in European countries and turned over to those countries or to other European countries for their use. It is important to appreciate that although the program is to be executed through the provision of what has generally been termed “military aid” and “economic aid” these are but different techniques for providing resources. The choice of techniques and the proportionate use of one as against the other will vary by country. Decisions will be made on the basis of comparative effectiveness in achieving U.S. objectives. The program proposed herein does not distinguish between that part thereof which will be supplied in the form of military equipment and that part which will be provided in other forms’ (ibid, 412-413).

Thus despite justifying the programs on the basis of deterring ‘Soviet aggression’ in Europe, the report detailed exactly how far rebuilding Europe’s economies had become subsumed under such rhetoric. The overall goal was to ‘provide resources’, and the methods by which this was to be achieved were to be judged against

the criterion of ‘comparative effectiveness in achieving U.S. objectives,’ which did not involve examination of the defensive needs of each country which aid was directed to. In particular, the second method mentioned above – ‘the direct financing of general imports from the dollar area’ – shows quite clearly that such programs had a major component which was designed to subsidise U.S. producers and stimulate US-Europe trade.

In addition to US planners using military spending to stave off the threat of the dollar gap and rebuild Europe’s economies, they also used military spending programs to restart patterns of triangular trade amongst their allies and their former colonies. This involved purchasing ‘strategic materials’ from formerly colonial areas, thus giving them dollars to spend on products from Western Europe, and recycling the dollars to those countries. Examples include bauxite from Jamaica, rubber from Malaya, lead and zinc from Morocco, copper and cobalt from Northern Rhodesia, diamonds, copper, lead and zinc from French Equatorial Africa, chrome from New Caledonia, and tin from Belgian Congo. This aspect of the MSP replaced the ineffective ‘Point Four’ of the Marshall Plan, once again demonstrating the success of military spending programs where purely economic aid programs had failed (Cardwell, 2011, 237, 254-256; Rotter, 1987, 207).

The ‘third method’ cited above in NSC 114/2 bears closer examination. Offshore military procurement provided the administration with a perfect vehicle for managing to funnel dollars to Europe, and also directly affect the economic development of recipient nations. The initial impetus for such procurement came as representatives from the MSP, State Department, and DoD, attempted to work out ways to manufacture the military assistance programs so that they would serve economic ends. A key figure here was John Ohly, who was deputy director of the MDAP in 1950, and would eventually head the Offshore Procurement Program (OSP). As previously shown, Ohly had already had the basic contours of the OSP suggested to him by Bonesteel’s letter from March, 1950.

On July 30, 1951, the State Department formally adopted and implemented the OSP. In a telegram from Acheson, then Secretary of State, to Charles M. Spofford, US Deputy Representative on the North Atlantic Council, sent just a month before the program was adopted, the contours of the program were elucidated (*FRUS*, 1951, Vol. 3, pp. 168-172). Acheson noted that the,

‘Main results that can be achieved through US participation in an interim financing scheme are: (a) to expedite mil [sic] production and procurement thus minimizing time lag before European produced material is available to defense forces; (b) to expand production base Eur [sic] rearmament; (c) to overcome protectionist obstacles now hindering placement of contract with most efficient Eur [sic] producers; (d) to introduce US technological skills at early stage in order improve quality and efficiency of European-produced materiel.’ (ibid, 169)

Similarly, Administrator for Economic Cooperation William Foster of the ECA averred in August that the,

‘Purpose of this program is to activate idle productive resources in Europe ... In general we conceive implementation of this program should take into account [the] need to achieve twin objectives of rearmament and [the] development of economic potential through higher productivity’ (Telegram from the Administrator for Economic Cooperation, William Foster, to the U.S. Special Representative in Europe Milton Katz, August 15, 1951. FRUS, 1951, Vol. 3, pp. 246-247).

As Ohly himself later recollected, this signalled the creation of a concerted military economic policy:

‘Before Korea, ECA's concerns with the military assistance program were twofold -- first, to ensure that this program would not result in imposing a military burden on the Western European countries that might interfere with their economic recovery, which was to have first priority, and, second, to aid in getting a munitions industry established and functioning in Western Europe that could supply some of the military equipment required by the military forces of Western Europe and, again, to do so, without interfering with economic recovery; after Korea, the goal became that of fashioning and implementing military and economic assistance programs that, together, would make it possible for the Western European countries to both (a) create and maintain military forces adequate to deter Soviet aggression against themselves and (b) complete the economic recovery contemplated by the Marshall plan or, at least, preserve

the degree of recovery already attained. Thus, the combination of the resources provided through the two programs was, after Korea, to achieve a goal that had both military and economic (and, I might add, political) facets' (John H. Ohly, Oral History Interview, Conducted in McLean, Virginia, November 30<sup>th</sup>, 1971, by Richard D. McKinzie and Theodore A. Wilson, pp. 54-55. Online at <http://www.trumanlibrary.org/oralhist/ohly.htm>, accessed 11/11/13. Underlining in the original).

We can glean from Ohly's recollections that military and economic factors were intertwined, but during the same interview, he offered an important addendum to the assertions quoted above. He estimated that over \$3 billion in OSP contracts were let by the armed services between 1950 and 1953, and that although offshore procurement had gone on since 1949 under the MDAP, after the Korean War started 'the volume of such contracts rapidly increased and remained at a high level for a considerable number of years' (ibid, 88, 90). Before the war, the primary reasons for such procurement were military and geostrategic. Crucially, however, Ohly went on to note that after the war started new reasons emerged:

'The new reasons were for the most part political and economic reasons and, in many instances, came to be the controlling reasons and led to the placement of many contracts offshore that the Department of Defense would have preferred to see placed in the United States' (ibid).

Thus despite Ohly's emphasis on military reasons in the initial quotation above, we see in the second that once Korea had begun, the 'controlling' reasons for contract placements in the OSP were mostly political and economic. Ohly goes on in an even more revealing passage to extol the virtues of offshore procurement, which is worth quoting at length:

'The economic reasons that contributed so extensively to the great increases in the offshore procurement program were the threats posed to the continuation of European economic recovery by the serious new burdens placed on the still fragile European economies as a result of the necessity for European countries to undertake the costly task of greatly increasing their national defense efforts.

Thus, just as the Marshall plan economic aid program was scheduled for gradual phase-out and the American Congress was pressing for reductions in foreign aid, there was a new desperate need for the infusion of dollars into Europe in order to enable the NATO countries to engage in a large and rapid military build-up without suffering a disastrous collapse of their economies and, as a result of such collapse, the devastating political consequences that the Marshall plan had been launched to prevent. It was under these circumstances that offshore procurement came to be considered an ideal device for the massive transfer of dollars to those European countries that might be capable of producing military equipment on a large scale for MDAP (and, to some extent, for U.S. forces as well), ideal not only because it permitted the Executive to avoid increased requests for the increasingly unpopular economic aid programs but also because one end result would be the provision of the military end-items for which the funds used to finance these contracts had been appropriated. Thus, in a very real sense, the funds so used served a dual purpose -- to provide the foreign exchange necessary to sustain Europe's economic recovery while at the same time providing for the production of the military equipment that Europe's growing military forces required. *The importance of the economic effects of placing offshore procurement contracts became so great that the level of such contracts that were to be placed offshore during each of several years was determined provisionally (in terms of a target) by the Director for Mutual Security on the basis of economic considerations and before the Department of Defense had finally refined its annual end-item programs and reached any conclusions of its own with regard to the locus of procurement of the items likely to be included in such programs.* I don't recall the specific targets established in the peak fiscal years of 1952, 1953, and 1954, but I believe the planning figure specified by the Director in FY-1953 was \$1.2 billion. Moreover, as the economic crisis in Europe, and especially in France and Italy, deepened in the early 1950's, offshore procurement was also used on a substantial scale to deal with budgetary crises, but this part of the story is too complicated for any further explanation in this interview' (ibid, 92-94).

This passage is noteworthy for its honesty regarding the purposes of OSP. Despite Ohly's reticence at expanding on his final point, his admission that economic



considerations drove OSP, not security ones, is clear. While he remains vague on the technicalities of how fiscal problems in France and Italy were staved off by OSP, other evidence shows that the fate of these countries was significantly affected by the programs. Important here was the link between increasing economic productivity and thus ensuring employment, which affected the political situation in these two countries, especially since both had strong labour movements with Communist ideals. In April 1953, an ECA report noted that stimulating economic activity was ‘significant in France because business in general, and in the metal-working industries in particular, appears to be slacking’ (Cardwell, 2011, 244). However, OSP helped here, since it was ‘indirectly providing employment ... [and] contributes to political stability’ (ibid). Thus carefully targeted programs aimed at revitalising heavy industrial sectors had an important effect in curbing possible labour militancy. In this way, OSP helped solve economic and political problems in one go.

In addition to OSP, there were several other methods for funnelling dollars to Western Europe via military spending. These were constructing military bases and airfields abroad, and stationing troops abroad. Clearly, such initiatives would appear to be solely motivated by security concerns. However, even here the intertwining of ‘security’ and ‘economic’ concerns is evident. As Acheson himself was to reveal in his Princeton Seminars, delivered in 1954, spending on military infrastructure in countries such as France was directly motivated by finding a solution to the French balance of payments problem (ibid, 245). With regards to the garrisoning of troops abroad, one country which benefited majorly from this was Western Germany, which happened to be the country where rearmament was impossible until 1955 for political reasons. As the *New York Times* noted in 1957, the influx of US troops into West Germany meant that they brought dollars with them. Such ‘dollar expenditures [ran] into hundreds of millions annually and [played] an important role in Germany’s balance of payments with dollar area countries’ (ibid, 248). In essence, US troop garrisons became what William McNeill has called a ‘migratory city’ (McNeill, 1982, 74) with the added bonus that they channelled a specific currency – dollars – into the European economies.

### **The Geopolitical Effects of US Military Spending**

The tendency to view post-war history through the lens of the Cold War overemphasises the extent to which US policy was formed with the USSR in mind. At

least as important was the issue of what to do with the major defeated powers of WWII, namely Germany and Japan. In this respect, history has tended to obscure a dilemma which was acute in the aftermath of the war – how to deal with the threat these two countries might possibly pose again in the future. In this respect, the institutional mechanisms already discussed for rebuilding Europe via military assistance programs must now be placed in the broader context of an overall geo-political strategy.

With regards to Germany, the outlines of how to pacify its own designs for European hegemony were recognised early on by many in the Truman administration, despite widespread feeling straight after the war that the country would have to be punished and its growth retarded. As Livingston Merchant, who held a number of positions in the State Department between 1942 and 1962, later recalled:

‘the basic underlying strength of the German economy guaranteed that it was going to recover, and I think it recovered more rapidly than most people thought. I don't think any intelligent person that I talked to, French, British, or Belgian - truly intelligent people with a knowledge of a history in economics - felt that Germany would be held down; it was too powerful, too vital, too industrious. And those people were thinking in terms of how you can best knit Germany into a community where its capacity for dangerous independent action can be blunted; its absorption into a wider, broader community which would be inhibitory to independent action’ (Oral History interview with Livingston Merchant, conducted by Richard D. McKinzie, May 27<sup>th</sup>, 1975. Online at <http://www.trumanlibrary.org/oralhist/merchant.htm> Accessed 11/11/13 pp. 11-12).

However, serious European intransigence confronted such attempts to bring Germany back into the European fold, especially from France. As Acheson recorded when he met French President Vincent Auriol in Spring 1952, the French government feared a German resurgence above all else. Acheson recounted:

‘He knew Germany; he had been through wars; the Germans were always the same; *the great danger in Europe was Germany and not the Soviet Union* ... and his view was that we – I think I had said that you can't sit forever on top of Germany – and his answer was that you can, and that if we could work out an

agreement with the Soviet Union, if the British, the Americans, the French and the Russians sat on top of Germany, there was no reason why we couldn't do it' (Kofsky, 1994, 5)

Similarly, when the US decided in 1951 to rearm Japan, this prompted Australia, New Zealand and the Philippines to demand a mutual-defence pact (called the ANZUS treaty) in order to assure them that the US would protect them from possible Japanese harassment in the future (ibid, 6). Far from the Cold War axis of the US-USSR being the dominant framework within which many nations saw the world, the legacies of early 20<sup>th</sup> century geo-politics were still active. In many respects, the overcoming of these legacies is precisely what was at stake with the militarisation of US foreign policy in the early Cold War period. The Cold War context of 'East-West' was not a natural outgrowth of WWII, nor simply of Communism versus Capitalism, but instead crucially required that US allies have their own conceptions of geo-politics fundamentally altered. Thus rather than seeing the militarisation of US foreign policy in the early Cold War years as due to the natural evolution of two incommensurable social systems, another view presents itself. At least as important as USSR-sponsored global communism was the need to co-opt Europe and Japan into a US-led international trading system. This was only accomplished via massive military spending programs, and the concomitant militarisation of US foreign policy. In turn, this militarised the Cold War framework, and *cemented the framework itself*. In other words, the militarisation of US foreign policy in the early Cold War was *as much a cause of the Cold War as an effect of it*.

In this respect, the development of NATO was as much about dealing with the problems of European integration from the standpoint of 'the German problem' as from the standpoint of protection from the USSR. In Leffler's words, the administration was so keen on NATO 'primarily because it was indispensable to the promotion of European stability through German integration' (Leffler, 1992, 282) Although such initiatives as the European Payments Union, the European Coal and Steel Community, and the ill-fated French-proposed European Defence Community (EDC), all heralded closer European integration, in 1951 there were major obstacles to European integration. However, as the *New York Times* noted at the start of the next year, military rearmament programs covered for the lack of teeth in the fledgling institutions of European economic integration (Cardwell, 2011, 252). Additionally, the combined economic and

defensive aspect of the MSP programs also had the salutary effect of encouraging European integration on a political level (Leffler, 1992, 390).

In addition to helping solve the German Problem, US military spending programs also helped shatter any illusions the British had about an independent political and economic path. From a global economic standpoint, drawing the British into a US-led multilateral order was vital, since fully one-third of global trade was still being conducted in sterling by the start of the 1950s. To have lost access to this trade would have had grave ramifications for US planners, and led to a rather different world order than the one we are familiar with. The logic of US rearmament as a means to enforce a new global order is stark in the British case. For in October of 1950 the US signalled its intent to end Marshall Plan aid, a shocking development for British officials. Not long after, the British announced that they were ceasing Marshall Plan aid, and that they would adopt a 'new approach' that would 'emphasise common defence efforts' (Cardwell, 2011, 257). Thus for Britain, being incorporated into the newly developing web of European military relations was not a choice freely made, - it was imposed by the necessity of continuing US aid for recovery purposes.

What was really happening at this time was that the sovereignty of European nations was being fundamentally altered. The use of military spending programs by the US was both reconfiguring their economies so that they were compatible with a US-led multilateral trading order, while also re-aligning their political institutions so that they were part of a US-led NATO alliance. As countries became more and more locked into this political-economic framework, 'third way' neutral politics became more and more unlikely. Acheson himself saw this with remarkable insight, as he recalled the US was,

'using the whole NATO business as an instrument of foreign policy in and of itself to get the French to do internal French things. That I have always thought was an aspect of NATO which was quite overlooked, and a very powerful one, because in connection with doing NATO business, steps forward in NATO, and in connection with NATO meetings and discussions, you could quite properly intervene very seriously in French internal affairs, because they weren't French internal affairs, they were NATO internal affairs. And the French budget and the French attitude toward Germany and everything else became a matter of common concern' (cited in *ibid*, 258).

## **The Domestic Effects of the Rise of the MIC**

Chapter 3 of this thesis showed how the early trajectory of US development was resolved into an incipient ‘warfare state’ by the end of WWII. Chapter 4 then charted the path to the militarisation of US foreign policy over the next 5 years. The first part of this chapter has shown the immediate and direct effects of militarisation in the form of a global industrial policy, which could not be achieved via normal economic aid programs. Thus the form of the argument has been to show that militarisation was an unintended outcome of the struggle to find a way to design an effective foreign economic policy. The rest of this chapter reconnects the conjunctural outcome of this struggle, in the form of NSC 68 and the military spending programs from 1950 onwards, with the longer-term institutional developments outlined in chapter 3.

This section shows how the militarised solution to the contradictions in US strategies for managing the politics of global capitalist space after WWII amplified trends that had been set in motion during the war itself. A fully fledged permanent defence-industrial base developed, which changed the institutional parameters of US governance and military strategic policies. The section is ordered as follows: first, an explication of the way the defence industry contains its own expansionary dynamics which act to secure its permanence; second, a discussion of the link between scientific research and the defence sector; third, the way such links have produced a system of think tanks, exemplified by the RAND Corporation, that provided the strategic thought behind US defence and military strategy; fourth, the way that the existence of the defence-industrial base has changed the institutional parameters of US governance, and affected Congressional-Executive relations to make the prosecution of wars by the latter easier; and fifth, a brief analysis of the perhaps the most extreme exemplification of these processes at work in the conduct of the Vietnam War.

### **The Defence Industry**

The term ‘defence industry’ requires some clarification. In contrast to other ‘industries,’ the defence industry is not a sector of the economy as such, but includes all industries that are involved in the process of government acquisition of weapons. As such, it spans many industries. At its core, it consists of prime contractors, sub-contractors, and parts suppliers, ranging across the aerospace, shipbuilding, and

armament-making industries. Historically, it has been the case that some of the industry is private, and some is public, with private and government-owned plants and equipment often existing alongside each other. To give some sense of the size of the defence sector, in 1980 it employed between 1/3 and 1/5 of all US scientists and engineers, and between 1/10 and 1/12 of the manufacturing labour force (Gansler, 1980, 4).

Some of the dynamics of the defence sector are specific to US history, and some are a function of more general attributes that affect any defence sector. Of the latter, two are especially important: the fact that the government is the sole legitimate purchaser of defence goods; the structuring of the industry on the assumption that demand for defence goods will be constant, when in reality demand is typically cyclical and waxes and wanes through periods of war and peace. This latter aspect should, in principal, yield a pattern of cyclical defence activity, as government rearms and disarms according to whether or not it is fighting wars. However, while this was roughly the case prior to WWII, the post-war US defence sector ruptured this pattern, as the contradiction was resolved in favour of a permanent and historically large defence sector. While the cyclical trend continued, the lower baseline of defence expenditures became fixed at an unprecedented level, and ceased to correlate with periods of war and peace in any meaningful way.

After WWII, when Army and Navy dominated civilian mobilisation agencies, and with the State Department in relative historical decline, the military assumed a greater role in American political life. Initially, the disunity of the military – split as it was into three competing services (Army, Navy, Air Force) – led to drives for unification in order to cement its power within the US polity. Army elites were the first to recognise the importance of unifying the services to solidify their new-found prestige, but with the Navy and Air Force both wanting to expand their own power, it took time for inter-service rivalry to coalesce into a solid institutional foundation. The process began in 1947 (as part of the National Security Act of that year), with the creation of a National Military Establishment (NME), headed by a Secretary of Defence. Under the Secretary, each service would have a department with dedicated personnel, the Joint Chiefs of Staff (JCS) was created to plan strategy, a Munitions Board and Research and Development Board would deal with mobilisation and weapons, and a raft of new executive agencies would provide assistance (Davis, 1962; Caraley, 1966; Sherry, 1987; Hogan, 1998, 23-68).

This yielded a structure whereby the President and the National Security Council would, in principle, determine national security strategy. The Central Intelligence Agency (CIA) was created to deal with intelligence operations, and the National Security Resources Board (NSRB) would co-ordinate civilian and military issues that arose during the process of mobilising for future wars. From 1947-49, the first Secretary of Defence was James Forrestal, who experienced significant difficulties in dealing with the new system due to its lack of coherence. This led to substantial centralisation drives over the next decade, as the armed services were properly unified and bedded into the US polity. The 1949 amendment to the National Security Act replaced the NME with the Department of Defence (DoD), creating an executive agency with full-time dedicated staff, while the JCS was given a chair who would advise the President. In 1953, Eisenhower centralised DoD control over the military even further, thus making the Secretary of Defence a powerful figure, a process which was given another spur in 1958 with the DoD Reorganisation Act (Ries, 1964, 125-192; Yoshpe and Bauer, 1967, 23-52; Binkley, 1985, 118-197; Lewis, 2007, 63-200).

The unification of the military and its incorporation as a fundamental element within the US polity developed alongside and reinforced important institutional developments that created the modern US defence sector. As shown in Chapter 3, the morphing of a nascent munitions industry into a fully fledged MIC post-WWII owed much to the machinations of the Army Air Force (AAF), which achieved its goal of independence from the Army in 1947. As part of its drive for expansion and independence, the AAF created extensive links to private industry during the inter-war years, for it never had dedicated arsenals itself. (Koistinen, 1998, 179-198). It also created links to civilian engineers and scientists, such as those at the Douglas Aircraft Corporation who were instrumental in the development of bombers during the war. During the post-war period, in 1948, the contract between Douglas and the AAF would grow into the RAND Corporation, which pioneered the institutional form of a non-profit think tank which provided scientific expertise to the military, whilst also creating another link between the military and industry (Nieburg, 1966, 246-248; Herken, 1985, 74-87).

The war was a huge boon for those industries that manufactured for the military – aircraft-makers, shipbuilders, and so forth. During the war, these industries became vocal advocates for peacetime planning to ensure their access to government markets, which in effect meant pressuring for peacetime military expenditures. Aircraft

manufacturers led the way, recognising that they would be especially vulnerable to a peacetime slump in demand. Industry leaders, along with members of Congress and the Executive, started a campaign in 1943 to initiate a presidential aviation policy commission which would study aircraft manufacturers' requirements during peacetime and how the government could help meet them. In 1948, the campaign bore fruit, as the President's Air Policy Commission and Congress's Aviation Policy Board both released reports that recommended that peacetime air forces be kept at levels well above those required to keep the industry afloat (Hill, Jr., 1980, 84-111). Similar processes worked to maintain government markets for the shipbuilding industry (*ibid*, 284-293), while the electronics industry benefitted from government-funded applied military research which enabled them rapidly develop new commercial products to sell to civilian markets (*ibid*, 179-206). All this came about with intense lobbying by industry representatives in alliance with politicians.

The implications of the above were that over time a virtually fully privatised munitions industry would develop in the US. In sharp contrast to previous American history, the government acted to facilitate a corporate peacetime defence industry, thus altering a basic dynamic in the relation between preparedness for war and mobilisation of the economy. With the Air Force out in front in pioneering relations with the private sector, the Army and Navy followed suit as corporate interests increased their demand for control over peacetime weapons-making during the 1950s. During the war, all the services had obtained considerable production capacity at the expense of government. In fact, had the Navy wished to, it could have handled all its needs post-war by maintaining its existing production base. However, private shipbuilders insisted to the government that they required support after the war, and gradually the Navy yards were sold to private industry so that corporate interests could share in the profits (Sweeting, 1994).

The Army's path was similar. During the war, the Ordnance Department (OD) was charged with weapons production. Post-war, the Army ran a range of plants that were government-owned and privately operated, all under the control of the OD. However, as the 1950s wore on, the OD's system of arsenals was criticised for being unfriendly to private enterprise, and during the rest of the decade it was forced to give way to the corporate sector and use private contractors (Nieberg, *op cit*, 188-89; Friedberg, *op cit*, 264-280). By the end of the 1950s, core institutions of American mobilisations of the past – Army arsenals, Navy yards, supply depots – were



substantially reduced and made defunct in favour of the private sector (Friedburg, op cit, 245-295).

The creation of a private military sector was given a considerable spur by NSC68 and the mobilisation for the Korean War. The 1947 National Security Act had created a Munitions Board (MB) and National Security Resources Board (NSRB) to deal with industrial mobilisation for war, and to develop a coherent plan for post-war mobilisations. However, the system was riddled with problems, and proved unsuitable for large-scale mobilisation over a long period of time (Ries, op cit, 88-106). As the Truman administration got involved in the Korean War, Truman himself realised that the NSRB was incapable of underpinning the kind of military commitment he wanted, and while NSC68 was being created, Congress enacted the Defense Production Act of September 1950. This created a raft of mobilisation agencies centralised under the Office of Defense Mobilisation (ODM), encouraging an expansion of institutional forms which linked military and industrial elites in a symbiotic relationship. After the Korean War ended, the MB was wound down, and the NSRB merged into the ODM. However, by the mid-1950s, the need for such industrial mobilisation agencies rapidly diminished, since the parameters of economic mobilisation had changed – the military-industrial complex rendered specific agencies for planning superfluous, since the defence-industrial base was now permanent. First the Air Force, and then the rest of the military simply ceased to emphasise mobilisation planning, for their existing forces and ability to procure through private contract made it superfluous (Ries, op cit, 125-146; Yoshpe and Bauer, op cit, 23-31; Hogan, 1998, 41-54).

The privatisation of the production of military goods led to a number of overlapping institutional dysfunctions which multiplied throughout the US political economy. The pre-WWII system of mobilisation had seen careful safeguards erected in order to combat previous periods of war profiteering and inefficiency. Congressional oversight was built up over time, and number of practices developed to provide checks and balances – committees to ensure bidding amongst firms was competitive, contracts set at fixed prices to prevent cost overruns, substantial oversight of budgeting and accounts, and so forth. However, these innovations were disrupted by mobilisation for WWII, and the concomitant creation of a private defence industry. Whereas prior to the war the government supply bureaus charged with weapons acquisition had privileged quality and cost-efficiency, WWII introduced technological development as a driver *per se* of the acquisition process (McNaugher, 1989, 17-18). Coupled with rising military

spending budgets, the new Cold War paradigm of military acquisitions formed a crucial part of the overall matrix of the political economy of US warfare.

In contrast to the pre-war period, the dysfunctions of the Cold War defence economy ran deep. By 1969, Congress itself noted some of the main ones, all of which related to the fundamental problem of an institutional framework that had a tendency towards expansion of weapons programs and acquisitions far beyond levels required by national security. The report found that DoD practices led to: inefficiency and waste; substituted negotiated contracts for competitive ones; subsidised contractors to levels that dis-incentivised cost-efficiency; created high concentration in the private defence sector; led to government property being used to bolster monopolistic tendencies; created a payments system which gave up-front, interest-free, prior-to-completion payments that were not linked to progress or delivery of final product; a patent policy which meant that contractors obtained exclusive patent rights for free for inventions produced whilst undertaking government contracts, thus providing them with substantial privilege vis-a-vis their competitors; proliferation of subcontracting processes which were unchecked by Congress; non-compliance with Congressional Acts demanding transparency of contract negotiations; an absence of uniform accounting standards leading to further obfuscation of records; outdated cost measuring analyses, and other issues relating to transparency (Congress of the US *JEC* report, 1969).

Such dysfunctions were emblematic of the way that military contracting had become the hub of an 'Iron Triangle' of interests which behaved in a relatively systematic way (Adams, 1981). The core components of this triangle were the defence industry, Executive defence agencies, and key members of Congress who were often representatives of important committees (Adams, 1981; Melman, 1974). A 'revolving door' effect of personnel buttressed the flows of funds between each component, resulting in the politics of military spending decoupling even further from the patterns that would be predicted were it simply a function of national security determinations. Processes of weapons acquisition, the basis on which the government mobilises for war, were now a function of the dynamics of a policy subsystem which traversed the boundaries of public and private spheres in the US (cf. Chapter 2; Stein and Bickers, 1995).

On the side of industry, the practices of defence acquisitions created a situation where monopsony confronts oligopoly, and the high-tech nature of the industry created

a substantial emphasis on Research and Design (R&D) (Tirman, ed, 1984). This brought into being a unique situation of concentration, but also a large sub-contracting system. In contrast to the WWII and immediately after, large defence-firms subcontracted out to smaller firms, generating entire communities based around defence industries.

An exemplar of the defence industry illustrates the general trends well: aerospace. As noted earlier, the Air Force led the way in the interwar and war years in forging links with private manufacturers, and post-war lobbying ensured that the government safeguarded markets for these manufacturers in the absence of war. Longer term, the prosperity of the aircraft industry depended on a broader innovation, namely that of 'aerospace,' which was essentially invented by the Air Force during the 1950s. This rhetorical move was part of inter-armed service rivalry over who would get to prosecute the 'space mission' which developed during that decade, with a major impetus being given by Russia's Sputnik launch in October 1957 (Roland, 2007, 343). The continuity from aircraft manufacturers in WWII to defence-oriented aerospace firms can be seen in the firms that made the journey – Douglas, Grumman, Lockheed, McDonnell, Northrop. Major electronics and engineering firms, such as Raytheon, Western Electric, Honeywell, General Electric, General Motors, Westinghouse, and others, are also major firms in the aerospace sector which benefitted from being incorporated into the MIC since WWII (Markusen and Yudken, 1992, 69-100).

However, the results of the transition from merely aircraft manufacture to aerospace changed relations within the industry in important ways. Firstly, R&D became something that was much more basic to the industry. When producing planes, R&D operates to improve production methods, or improve the product. However, the notion of 'aerospace' redefines the production process as one where R&D is more fundamental to it, shaping and reshaping it, before, during, and after actual output (Gansler, 1981, 97-108). Secondly, the role of electronics in aerospace is rapidly expanded, since missiles and spacecraft are usually about half electronics-based in terms of cost (*ibid*). Thirdly, aerospace centred things even more on the government, since missiles, rockets, and spacecraft were legally only saleable to the government itself (Scherer, 1971; Markusen & Yudken, 1992, 74-82).

R&D contracts, like defence contracts themselves, are highly concentrated between the major firms, leading to further stability in the sector. This is because R&D requires significant sunk costs in terms of facilities for scientists and engineers, thus creating a barrier for new firms that wish to enter the market and lack these facilities. In

addition, R&D contracts almost always result in production contracts for firms, a 'follow-on' phenomenon which acts as a further stabiliser to the industry – roughly 60% of all DoD contracts are either follow-on contracts of this sort, or involve firms that have cornered the market in a particular product. Needless to say, in the latter case, the relationship to government merely propagates the market-capture by providing a guaranteed market for the supplier (Gansler, 1981, 97-108; Markusen & Yudken, 1992, 116-131).

Even in the absence of follow-on contracting, an R&D contract is, in itself, a coveted prize for any company. The government, usually through the DoD, typically pays 100% of the costs involved, regardless of whether the contract stipulated fixed costs or not. Government oversight of R&D expense claims is minimal, and criteria for assessment of the legitimacy of such claims vague. This leads to a situation where those firms with a heavy investment in R&D tend to have a bloated staff of scientists and engineers that are subsidised by government spending. Additional spending often occurs through informal agreements between the DoD (or NASA) and defence sector employees for work carried on outside the remit of defence proper. The resulting system of patronage and networking yields a dense matrix of vested interests in propagating the practices - entire laboratories are built, equipped, and maintained by such means. Training, specialist knowledge, patenting rights, all contribute to the attractiveness of seeking out such contracts. Unsurprisingly, government studies confirm that the practices of R&D expenditures have been abused systematically in the post-WWII era (Nieburg, 1966, 74-84, 335-350; Kaufman, 1970, 96-99).

In addition to the practices of R&D contracting, further practices stabilise and centralise the defence sector: 1) 'Buying in' – this involves firms providing optimistic estimates concerning costs and time, waiting until investment in the project becomes so high that it becomes politically impossible to cancel, and stringing out the venture for as long as possible to ratchet up costs (Adams and Adams, 1972; Gansler, *op cit*, 90-92, Kaufman, *op cit*, 70-72); 2) 'Gold-plating' – this is the practice of insisting on developing the technological aspects of a weapons program far beyond that required by the contract, thus increasing time and costs. Were this to produce better weaponry, then it might be somewhat justifiable, but typically the process exhibits rapidly diminishing returns as the boundaries of current technological feasibility are pushed. The end product usually benefits little if at all, and is even sometimes diminished in capability (Kaufman, *op cit*, 73-75; Kaldor, 1981, Markusen and Yudken, *op cit*, 97-99); 3) 'The

follow-on imperative' – first identified by James Kurth, this practice involves the DoD awarding contracts to firms on the basis of their own financial situation. Kurth showed that DoD contracting carefully maintains production lines at key firms, thus relieving them of the problem of over-capacity. Rather than awarding contracts through competition, DoD criteria for contract awarding are directly linked to the needs of the firm, even to the point where similar contracts are awarded to a firm in order to minimise the disruption of planning for a new product (Kurth, 1972; 1973).

Such practices have, in the past, produced some noticeable scandals in relation to defence spending. In 1990, it was revealed that the Pentagon was stocking \$103bn worth of mostly redundant spare parts, uniforms, and other supplies, with absurd examples such as the Navy stocking a 13,557-year supply of a machine tool used to make a circuit in a fight jet (Markusen and Yudken, op cit, 98). More extremely, the government has bailed out firms that were faced with bankruptcy, as in the infamous case of Lockheed and the C-5A cargo plane. Initially, the contract for the plane was awarded to a struggling Lockheed in 1965, over-riding the assessment of the Air Force's technical committee that Boeing should receive it – a good example of the follow-on imperative in action. What followed was calamitous, as cost-overruns and massive technical failures led to the firm facing bankruptcy in 1971. The firm's records had been falsified to cover up its distress, so that company bonds could be sold for finance, and Congress lied to. The planes produced were riddled with defects and malfunctions. However, instead of facing its fate, the firm was rescued by a hamstrung Congress which continued to finance its operations, pressured not to allow the firm to go bankrupt. Ten years later, the company was the largest defence contractor in the US, and is still a giant today (Roland, 2001, 28-30).

### **Scientists and the Military**

WWII made large-scale industrialised scientific research a norm in the US. Previously scientific research had generally been conducted in a more fragmented way, with large projects in universities often having to rely on foundations and philanthropic ventures for funds (Geiger, 1986). WWII made the federal government, and primarily the military, the principal source of funds for large-scale science, creating a 'federal research economy' (Geiger, 1993, 3-29; Kevles, 1992). The cutting edge of high-energy

physics was the first beneficiary of this system of federal largesse, but soon it became the norm across many areas of science, both basic and applied (Kevles, 1995).

The principle institution charged with mobilising the US scientific community during WWII was the National Defense Research Committee (NDRC), set up in 1940. Headed by Vannevar Bush, the NDRC brought together elites from universities, government, industry, and foundations (*ibid*). Scientific elites such as Bush had seen that WWI had propelled scientific research to a position of importance in modern warfare, but were frustrated during the interwar years by the lack of centralised coordination from the government. Organisations like the National Advisory Committee for Aeronautics (NACA) hinted at what could be achieved: NACA was created in 1915, and drew together government and private figures to push aeronautical interests, a task it achieved impressively (Roland, 1978). When WWII came about, Bush modelled the NDRC on the NACA, seizing the opportunity to push the agenda for large-scale science (Penick Jr., 1972, 10-13).

After a year, the NDRC was upgraded into the Office of Scientific Research and Development (OSRD), which rectified a number of flaws in the NDRC and incorporated more of an R&D focus (Pursell, 2007, 273). During the war, the OSRD spread government contracts far and wide amongst universities, research institutes, and industry, funding research into radar, atomic weapons, jet engines, and rocketry (Geiger, 1993, 8-12). Universities and institutes benefitted most from OSRD funds, with the majority of its wartime outlays going to 25 of the top such institutions, and the rest to industry (see the tables in Appendices 20 and 21, Pursell Jr., 1972, 338-339). Such flows of funds to universities to support scientific research at universities was especially novel – before WWII it had rarely taken place, but within a short space of time it became the norm.

As WWII wound up, Bush advocated that the OSRD be terminated, with his eye on creating a peacetime federal science agency with himself as leader. He faced substantial opposition from many quarters, since the existing system of patronage had already become ingrained, but nonetheless OSRD was shut down by 1947. During that time, Bush entered into political battle with figures in the Truman administration, as he attempted to create a National Science Foundation (NSF) that would be independent from Executive control. Bush won the battle, but the victory was Pyrrhic, as getting rid of the OSRD removed the institutional basis for the NSF to be founded on. Instead, the unintended outcome of Bush's fight was that by 1950, the NSF was a relatively minor

agency, while R&D subdivisions of the armed forces had emerged as the dominant institutions which mobilised science (Kevles, 1975; Kevles, 1977; Kevles, 1995, 340-366; Geiger, 1993, 13-33). While Bush had been trying to get the NSF off the ground, agencies such as the Office of Naval Research (ONR) had filled the vacuum between 1945-50, and had become the central conduits linking science with government, but crucially via the military (Allison, 1985).

Hence while the scientific elite, led by Bush, and the Truman administration battled things out, military-civilian relations between the armed forces and science took shape in the background. The military made links through the War and Navy departments to the National Academy of Sciences (NAS) before WWII had even ended, setting the groundwork for the provision of research funding. The administration blocked such moves in the first instance (Sherry, 1977, 120-158), but over time the NAS became a willing partner to the military, lured by the substantial amounts of funds available. The blunt truth was that scientists themselves preferred the largesse of the military, since compared to the possible outlays that civilian agencies like the NSF would allow, military funding was substantially greater.

By 1952, 90% of all federal R&D spending was military R&D spending, conducted through universities, institutes, and the like. After 1970, this proportion would drop as government non-defence spending would flood into universities, but even in 1980, an estimated 30% of federally funded R&D centres were supported by military funding. Famous institutions such as MIT, Berkeley, Cal Tech, and Stanford, all benefitted hugely from military funding, with entire departments and even scientific fields created and maintained from it (Lowen, 1990; Leslie, 1993).

The importance of such links between the military and scientific community are twofold. On the one hand, they solidified further the role of the military in American political life by forming the necessary conduit between government and large-scale science, sidelining civilian agencies like the NSF. However, and more importantly, they also created an academic nexus where 'defence intellectuals' could flourish, and move between the worlds of academia and policy-making. These links would be important to the rise of Think Tanks in the US, a phenomenon which would directly affect the way that National Security policy and foreign relations were conducted by the Executive.

## **Think Tanks – the rise of RAND**

The immediate post-war years saw the military take advantage of their wartime prominence and alliance with industry to cement their place in US political life. Many spheres of broader social life were touched by the military, in a process of ‘militarisation.’ However, as this complex and contradictory process unfolded, a major paradox began to exhibit itself. For while the militarisation proceeded apace through the 1950s, it took on a new form as ostensibly civilian agencies which traversed public and private spheres proliferated. These institutions were formed by the context of militarisation, but were crucially civilian in nature, and thus produced the paradox of what might be called ‘civilianised militarism.’ The collective term ‘think tanks’ covers many of these institutions, referring to research institutes that are connected to the federal government, typically via defence agency financing.

Arguably the most central think tank to develop in the post-WWII US was the RAND Corporation. Prior to WWII, weapons R&D was dealt with within the armed services, and in the context of full-scale war during WWII, a specialised mode of conducting such R&D, known as Operations Research (OR) was imported into the US from Britain. While the scope of OR was broad (Mirowski, 2001, 177-190), roughly speaking it formed an ostensibly common methodological format which bound together people from the military, scientists, social scientists (chiefly economists), and public policy theorists and practitioners. Despite some vagueness concerning exactly what OR constituted, it generally involved the application of ‘scientific’ (usually mathematical) means to problem-solve in whichever area of life it was applied. Game theory, symbolic logic, linear and dynamic modelling techniques, inventory control, cost-benefit analyses, time series, cross-sectional statistics, network analysis, war gaming and operational gaming methods, all emerged from the OR incubator (Waring, 1995). Initially, these analytical techniques were used by the US military to deal with complex engineering problems, and to a lesser extent with management and scheduling. RAND grew out of such OR projects attempting to optimise the bombing of Japan towards the end of WWII (Smith, 1966).

As such, RAND carried forward OR methods from the war, and when in 1948 it was reconstituted as a non-profit organisation independent from the Air Force, its independence did not signify a break from its wartime origins. Through the 1950s, RAND made important contributions to the US Cold War stance, especially in



developing nuclear and airpower strategies. A key figure here was Alfred Wohlstetter, who led a strategic air bases study during 1951-53, during which the crucial notion of 'calculated vulnerability' was developed. The study itself focussed on Air Force response to a possible first strike by the USSR, warning of the vulnerability of US air bases and the need to plan a surprise attack to pre-empt such an occurrence. Air Force elites gradually cottoned on to the idea that the study could be used to justify increased budgets for the Air Force, and accepted the claims and recommendations (Herken, *op cit*, 88-94).

However, the importance of the Wohlstetter team's highly technical study ramified much further than the Air Force. It introduced the concept of 'calculated vulnerability' as the foundation on which future quantitative systems analyses would be based. Much as neo-classical economics proceeds on the basis of certain accepted axioms that are taken for granted, strategic thought incorporated 'calculated vulnerability' as the unquestioned basis on which national security strategy was founded. The concept spread through RAND, strategic theory circles, and policy-making circles in government. Its effect was to make evaluations of Soviet capabilities a function of the perceived vulnerability of the US, a paradigmatic shift that led to an expansionary dynamic where no level of weapons or technological superiority, and no offensive strategy, could ever be enough to counter the threat. In essence, this was the strategic counterpart to a defence-industrial base that expanded weapons production and capability beyond that required by national security imperatives. The entire notion of 'national security' was being redefined according to the inner logic of the historical development of the US National Security State (Kaplan, 1983, 109-110).

The perverse outcome of these processes was evident in the paradox that the application of supposedly 'hard' and 'scientific' methods to strategic problems had, namely that they produced junk 'science.' The Wohlstetter study was followed in 1957 by the Gaither Committee report, which sounded alarms about an impending Soviet nuclear strike on the US. Wohlstetter's infamous article 'The Delicate Balance of Terror' - labelled by one historian as 'probably the single most important article in the history of American strategic thought' (Trachtenberg, 1991, 20) - drew on the report and appeared in the journal *Foreign Affairs*. Dozens of Soviet ICBMs were estimated to exist, and assumed to be launch-ready. US strategic thinking operated under this assumption for a decade, before satellite intelligence in the late 1960s showed that the USSR possessed a grand total of 4 ICBMs. These were all in the same place, out in the

open, easy to attack, and not ready to launch. Despite these revelations, RAND never reviewed its methods or entered a phase of self-reflection. The analytical techniques defined the institution itself, and infected other areas of American politics (Bacevich, 2011).

As Donald MacKenzie (1990) has shown, the science of ballistic missile guidance developed in ways which directly affected US strategic policy during the 1960s and 1970s. Inter-service rivalry between the air force and navy, both of whom wanted to corner the nuclear strategic mission because of the huge funds it would add to their budget, drove technological developments. Initially, civilian planners in the 1960s had developed their nuclear strategy of ‘MAD’ – Mutually Assured Destruction – in order to stabilise and curb the arms race and ensure peace between the US and USSR. However, the ongoing dynamic of technological development in the MIC led to the US inadvertently developing the capacity to attack Soviet land-based forces in a first strike. This capability destroyed the ambitions of civilian policy planners by triggering a Soviet counter-response, which was then used by Reagan to justify the 1980s US arms build-up. As MacKenzie amply documents, at each step of the way civilian planners took a back seat to the imperatives of technological dynamism in the defence sector, which underpinned the 1970s SALT treaty negotiations and their various protracted problems.

### **Realigning Congressional-Executive relations**

The US political system was originally designed in such a fashion that each part of the polity – executive, legislature, judiciary – would counterbalance the others, thus preventing any one part becoming too dominant and corrupting the separation of powers. A core component of this balance was the political economy of warfare, in the sense that the system was designed to safeguard against the creation of permanent armies, and the aggrandizement of the Executive and broader federal state. The ‘Federalist Program’ of the Founding Fathers sought to, on the one hand, consolidate the national debt so as to discourage individual states from making war on their own prerogative, whilst at the same time ensuring that the separation of powers would balance against the misuse of this potential war chest by the Executive (Edling and Kaplanoff, 2004; Wood, 2009). Mobilisation for war would be a temporary affair, with strict limits set on Presidential powers, especially with regards to war spending. This led

to Presidents being constrained by Congressional oversight, and having to forge cooperative alliances with Congress in order to prosecute foreign policy goals. Congress's 'power of purse' checked Executive ambitions, and diluted them within the multiple and competing agendas of Congress-people, who had to be responsive to their constituency or risk de-election (Edling 2003, 73-148; Fisher, 2004, 27-48; Hormats, 2007, 1-93).

However, at the beginning of the 21<sup>st</sup> century, the system that the Founding Fathers had set in place had changed substantially. As many scholars have noticed, there has been a substantial shift of decision-making power with regards to war making in favour of the Executive branch of government (Bernstein, 1976; Reichard, 1982; Silverstein, 1997; Rudalevige, 2005; Ackerman, 2010, 15-42; Maddow, 2012). While the US Constitution has survived in written form, the institutional parameters which governed the political economy of warfare in the late-18<sup>th</sup> and throughout the 19<sup>th</sup> century have rendered its set of balances and safeguards obsolete. The rise of an 'imperial' presidency (Schlesinger, 2004) has realigned the political space in which the Executive branch resides, such that it is characterised by a state of 'continuous warfare,' with the 'fuzzy language' of national security providing great leverage for Executive-branch agents to prosecute their goals (Ellison, 2013). In this context, Congress often became a willing tool of the Executive branch, scuppering the expectation that Congress-people would be cantankerous in their opposition to Executive power. Rather than the Executive being beholden to Congressional oversight, the Cold War era presided over the decline of Congress's power to check the President's office, a trend noted by many scholars (Clotfelter, 1973, 148-182; Small, 1996, 80-109; Woods, 2004; Zelizer, 2004, 1-91; Johnson, 2006, 1-104; Zelizer, 2010).

While the alarmist rhetoric of early critics of the MIC about the takeover of US political life by a 'garrison state' (Laswell, 1941; cf. Burnham, 1941) later seemed overblown, given the obvious survival of broadly democratic institutions, the above trends are inescapable. The viewpoint of those who stress the 'anti-statist' tendencies in the US (Friedberg, 2000) tend to downplay the substantial changes that have taken place within the US polity, by adopting a very extreme form of totalitarian statism as a contrast point. While the formal mechanisms of American democracy should not be lazily dismissed as a meaningless charade, the historical trend towards both the expansion of federal government power, and the expansion of Executive power within the government, demand explanation.

In this respect, the US MIC provides a key with which to understand the institutional foundation of these trends. In an historic shift, the development of a permanent defence sector with its inbuilt tendencies towards expansion meant that traditional constraints upon executive power were lifted. The entire dilemma for the Executive of organising the economy for defence (conversion and reconversion after hostilities), of ensuring adequate supply and quality of weaponry, of seeking and maintaining Congressional alliance and cooperation for wars and their continuation, was all washed away by the reconfiguration of the political economy of warfare occasioned by the development of the MIC. A new baseline of military readiness was created, which had effects on both the initiation of war by the Executive, and its capacity to maintain hostilities once they'd begun.

In terms of the initiation of war, the development of the MIC also saw Executive foreign policy planning more and more insulated from Congress. Truman's prosecution of the Korean War in 1950 set an important precedent, for he started the war without a Congressional declaration of war. Key here was the development of National Security Directives (NSDs) in 1947, which successive Presidents have since used to direct national security policy away from Congressional and Judicial oversight (Gordon, 2007). The expansion of the National Security State apparatus which began in 1947 also expanded the possibilities for Presidents to exercise war powers in the absence of Congressional oversight by the creation of new agencies with military capabilities: at first the NSA and CIA, which grew over time to be effective instruments of covert war, and later a whole range of special operations forces culminating in the modern Joint Special Operations Command (JSOC). Throughout the post-WWII period, the proliferation of such agencies at the command of the Executive branch has contributed to increasing the latter's war-making capabilities.

However, the most important way in which the development of the MIC has changed the parameters of war-making in the US relates to the manner which Congress acted less and less through the Cold War period as a check on the *expansion* and *continuation* of war once it had been initiated. This might appear counter-intuitive, given the way that the rise and fall of Presidents in post-WWII American has often been associated with criticisms over the way that they fought one war or another. Indeed, the politics of war-making in the US has traditionally seen substantial opportunities for Congressional opposition to mount against Presidents that are seen to be fighting unpopular, controversial, or unwinnable wars. However, the very fact that such a pattern

*persists over time* begs the question of what provides the condition of possibility for such a repetitive pattern. Once again, the key to unlocking this dilemma is to consider the way that the MIC has changed the nature of the possible Congressional opposition to Executive foreign policy.

While Congress can be a hostile arena for any President and his administration in times of war, it is notable that Congressional opposition to military action virtually never extends to the most effective way of curtailing Executive war power – namely to refuse military appropriations and limit the funds for war. While criticising the strategy or tactics a particular President and his administration may adopt in fighting a war, Congressional opposition does not develop into actual practical limiting of the Executive *capacity* to fight war. The roots of this behaviour are to be found in the set of relationships outlined earlier in which Congressional oversight of the military budget has been compromised by the changed relationship of Congress-people to the issue of military spending in the post-WWII period. In a situation where Congress-people are incentivised to agitate for increased military spending due to domestic pressures from their home constituency, the relationship between military preparedness and determination of national security policy is fundamentally skewed. Systematic patterns of supporting military spending for domestic economic reasons at the Congressional level create an institutional context within which Executive maintenance of already-started wars becomes possible.

To be clear, the argument here is not the crude one that Congress allies with the Executive and ‘makes war’ in order to support domestic industries. The issues require more nuance. No doubt the fact of Executive independence is itself a source of ‘relative state autonomy’ in the formation of foreign policy vis-a-vis the domestic political economy. However, such ‘autonomy’ is only ‘relative,’ and its relativity must be judged according to the capacities for war-making it has *in virtue of its relation to the sources of such capacities*. In other words, without the fundamental relation of war to the *means of war-making*, namely the capacity to produce weapons, there can be no war-making to speak of, except in the abstract possibility of a country which received the totality of its weapons and material from outside its borders (such is the case, of course, in so-called ‘proxy wars,’ which have their own logic and dynamics).

## The Vietnam War<sup>12</sup>

The dual trend of military-related think tanks (plus broader research) and reorganised Congressional-Executive relations underpinned by a permanent defence-industry reached the apotheosis of their logic during the Vietnam War. As recent surveys confirm, the historiographical debate on the Vietnam War exhibits no move towards a grand synthesis (e.g. Gates, 1984; Herring, 1987; Cold War International History Bulletin, 1995; Mirsky, 2000). In a vast literature, exhaustive coverage of every aspect of the debate would be impossible, and fruitless. However, certain themes of the debate amply testify to the ‘dual logic’ noted earlier. Early accounts of the war were imbued with a kind of ‘tragic realism,’ when the trauma of the war was still casting a shadow on American society. In an early piece, when the war was still young, Arthur Schlesinger Jr., lamented the fact that the US had misread the situation in Vietnam, and was ignorant of the prevailing local conditions (Schlesinger, 1966). This type of analysis quickly developed into the ‘quagmire’ thesis which authors such as Halberstam (1964) and Cooper (1970) developed. Echoing ‘Orthodox’ scholarship on the Cold War, these analysis began from the premise that various errors of judgment and tragic circumstances had produced a long and costly war.

In addition to the ‘quagmire’ idea, another important strand of scholarship emphasised the roots of the war in the US domestic political scene. With the release of the Pentagon Papers<sup>13</sup>, authors such as Ellsberg (1972), Gelb and Betts (1979), advanced the thesis that whatever the reasons for the US getting involved in Vietnam, it had stayed there as a result of successive administrations wanting to avoid the charge that they were losing the war. Thus the central dynamic in US politics became about not losing, rather than winning, the Vietnam War. In the eyes of these authors, this locking-in of the US political system to a kind of irrational one-upmanship explains the longevity of the war. Ellsberg in particular emphasised the autonomous logic of domestic anti-communist crusades, which linked foreign and domestic policy so that the political discourse became poisoned and irrational. Foreign policy decisions were taken with a view to seeming ‘tough’ on the domestic scene.

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<sup>12</sup> The term ‘Vietnam War’ is a misnomer, for it has come to mean the US war against not just Vietnam, but Cambodia and Laos too. As such, the phrase ‘Indochina Wars’ would be more appropriate, but since ‘Vietnam War’ is standard terminology, I will use it.

<sup>13</sup> The official Defence Department history of the war and its conduct by the US between 1945 and 1967.

As well as these two foci – incremental error, and domestic politics – military historians conducted fierce debates on military strategy during the war. Much of this scholarship has been a lamentation of the ‘loss’ of the war, and attempts to rethink how it could have been won. In other words, the main idea was that military tactics during the war were inappropriate to attain the goals that were sought, and thus that the war was, in principle, winnable. This type of ‘Conservative Revisionism’ produced analysis of the nature of the warfare in Vietnam – massive bombing campaigns, counter-insurgency, modernisation (‘hearts and minds’ strategy), and guerrilla warfare – which questioned how these strategies distorted military goals (Summers, 1982; Baritz, 1985; Gibson, 1986).

The very fact that such a debate on military strategy could be conducted shows precisely the level to which military strategy had itself become inextricably bound up with other phenomena. No doubt, as many scholars have emphasised, US strategy in Vietnam was a mismatch – at its heart was the problem of how to deal with a peasant revolution which defied a militarised solution (Horowitz, 1969; Wolf, 1971, 159-210). However, the other side of this coin requires grounding US behaviour in its own political economy of warfare, without which the war cannot be understood. Ironically, it is precisely the absence of this element which prevents Realist IR from coming to terms with events like the Vietnam War. This is doubly ironic since Realists have typically considered the war an ‘aberration,’ outside of the remit of their theory, and Hans Morgenthau even opposed the war (See, 2001).

Before coming to the way in which the political economy of US warfare helps understand the Vietnam War, it is first necessary to make a distinction between the reasons for US involvement in the war, and the reasons for the US continuing to fight the war. Orthodox accounts tend to stress a continuity of purpose during the war – namely to fight against ‘global communism.’ Even if sustained attack by Revisionist scholarship have, by now, cast serious doubt on this Orthodox position, the questions of origins and continuation must be borne in mind. It is in the nature of theories of IR which focus on pristine national security imperatives to ignore this fundamental distinction, between initiation and conduct, and by blurring these boundaries they are able to consistently avoid engaging in debate with those who would seek domestic determinations of warfare.

Ironically, the origins of US involvement in the war itself stemmed from commitments made earlier on to the region of South East Asia, which in turn came

directly out of the issues described in Chapter 4 of this thesis. As Andrew Rotter (1987) has best demonstrated, the origins of US commitment to South East Asia lay in the problem of the dollar gap. In the immediate post-war world, the entire region of Asia was ‘rediscovered’ by the US, as rebuilding occupied Japan and absorbing it into the US-led trading order became a priority. In addition to this, the deep concern with the British dollar gap outlined in Chapter 4 directly linked to the Asian region. This was because part of the US plan to tackle the British dollar gap involved restarting triangular trade patterns between Britain and Asia, especially involving Malayan rubber and tin, which would recycle dollars back into Britain. As dollar gap problems grew worse, these commitments developed into fully fledged aid to South East Asia to attempt to shore up triangular trade patterns between important Western European countries and their (ex-)colonies. As part of US policy designed to ‘speed the return of French resources to continental Western Europe,’ the US sent ‘economic aid and military equipment to the French-sponsored government of Vietnam’ (Rotter, 1987, 220).

This economic link provides some justification for ‘economic’ motives behind American intervention in the region. As John Dower noted in his examination of the Pentagon Papers, Japan was conceived of as a ‘Superdomino’ in an inverted version of the ‘domino theory’ that Acheson used as a rhetorical device to scare Congress with (Dower, 1972). Thus the origins of US involvement in Vietnam can be argued to be rooted in precisely the dynamics of US neo-mercantilist strategy to reorder the world trading system after WWII outlined earlier. However, while this may account for US *commitment* to the region, it does not explain the escalation to war, and its conduct. For that, returning to the political economy of US warfare is necessary. Two issues deserve close attention.

*Firstly*, the way that the MIC had changed the relationship between Executive and Congress (outlined earlier) shaped the course of events. After the initial August 1964 Gulf of Tonkin Resolution in which Congress authorised the use of force, legislative disagreement with the war grew. However, this did not result in Congress being able to check Executive war spending powers, as Thorpe (2014) has shown. Despite antiwar sentiment, and non-binding resolutions being issued, the Johnson administration was able to secure a huge appropriations bill in 1967, and then continue to use the overstock of resources to fight the war even in the face of Congressional pressure. The next year, Nixon’s election put a Republican in the White House while Congress was controlled by the Democrats. Tensions increased, but it was clear who



had the upper hand, as Nixon simply ignored Congressional resolutions. In 1970, his administration launched the bombing of Cambodia and Laos without telling Congress. It wasn't until 1973, - with public disapproval at a high and the Watergate Scandal, - that Congress voted to restrict Presidential use of war funds. As a mark of how things had changed from previous periods in US history, Congress could not simply withhold funding – it had to actually draw up and pass legislation to stop the President *using already existing military appropriations*. This was because the Pentagon had developed the authority on its own to transfer funds, which made it possible for Nixon to expand the war in Indochina without telling Congress (Thorpe, 2014, 133-135).<sup>14</sup>

Even when Congress had finally voted to withhold funds and stop the bombing of Cambodia it had to compromise with Nixon. The legislation was recognised as a Pyrrhic victory by Congressmen, who complained that it was 'an emasculation of congressional power,' that 'contributes to the erosion of the power of the Federal purse' (Senator Mark Hatfield, cited in *ibid*, 136). Thorpe recounts a telling exchange between two antiwar senators as they discussed the issue:

EAGLETON: I want to inquire as to what this resolution includes ... Does it permit continued bombing between now and August 15?

FULBRIGHT: I do not regard him as having the right to do this. He has the power to do it...

EAGLETON: ... Will we with the adoption of this resolution permit the bombing of Cambodia for the next 45 days?

FULBRIGHT: Until August 15<sup>th</sup>.

EAGLETON: Would it permit the bombing of Laos?

FULBRIGHT: It would not prevent it.

EAGLETON: Would it permit the bombing of North and South Vietnam until August 15?

FULBRIGHT: I do not think it is legal or constitutional. But whether it is right to do it or not, [the president] has done it. He has the power to do it because under our system there is not any easy way to stop him ... I do not want my statement

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<sup>14</sup> As Thorpe observes, 'By using existing resources already appropriated for other purposes, executives sidestep even the most limited dependence on Congress and force legislators to take the positive action of passing legislation in order to provide an effective check' (2014, 135).

taken to mean that I approve of it ... He can do it. He has done it. Do I make myself clear? (cited in *ibid*, 137)

The exchange makes starkly clear the situation: backed by a defence-industrial base that creates the condition of permanent mobilisation, Executive authority to conduct war is enhanced. This generates a paradoxical situation. On the one hand, it might seem to be an extreme version of 'state autonomy,' as the power of war-making is vested in the tight circle of elites that constitute the Presidency. However, in reality it creates a situation where the Executive's bureaucratic independence in this matter creates political dynamics of its own. Rather than rationalise state policy, it detaches it from the very civilian agencies which might enforce rationalisation, and makes it highly vulnerable to the whims of the President and his advisors. Since Presidents are themselves affected by a variety of social forces, must seek election, and so forth, it creates the conditions of possibility for ostensibly narrow domestic political dynamics to play a *greater role in the conduct of war*. With Congress required to take *positive action* to halt presidential war initiatives, the Executive's ability to use discourses of patriotism and scaremongering are greatly enhanced.

*Secondly*, the way in which the Executive's power to commit to (and prolong) wars has been enhanced is conjoined to the infrastructure of defence think tanks that have proliferated in the US as part of the MIC. In the case of Vietnam, this aspect was again starkly demonstrated. The direct involvement of the RAND Corporation in the conduct of the war was evidence of the bypassing of Congressional agencies in favour of militarised civilian institutions that blurred public and private boundaries. Members of RAND drew up intelligence plans; conducted cultural, social and economic studies of the South East Asia region; developed military strategies; and even directly ran operations themselves, sometimes involving interrogation of prisoners (Abella, 2008). They brought their analytic tools to bear on the war, not only helping to fight it but *actually creating it as an object of analysis in the first place* (Rosenau, 2005, 137-145). The understanding of the war on the part of Executive strategists is inexplicable without the think tank element.

While RAND developed McNamara's initial policy of gradual escalation so that the war could be ended on American terms, other think tanks also provided the strategic contours of the war. MIT's Center for International Studies (CENIS), founded in 1952, was under the directorship of Max F. Millikan, who was previously assistant director of

the CIA. From the beginning, the centre was essentially an extension of the CIA, providing a conduit for social scientists to work with the agency without being too close. What would later become ‘modernization theory’ (Rostow, 1960), began life at the centre, which meant that the foundations of the theory were explicitly militarised from the start. While IR scholars have sometimes treated modernisation theory as though it were purely an academic theory, which in its guise as ‘pure’ theory may or may not have informed US foreign policy conduct (cf. Bromley, 2008), this misses the fact of its roots in militarised think tanks from the outset. Modernisation theory meant ‘military modernisation’ from the get-go (Klare, 1972, 69-87; Gilman, 2003; Kuklick, 2006, 80-82).

CENIS provided the sociological and communications theories which underpinned Operation Phoenix, the CIA’s mass-interrogation program which killed between 20,000 and 40,000 people (Abella, 2008, 180-182). However, it was not alone, as the Special Operations Research Organization (SORO), affiliated with American University, developed the expansive Project Camelot. This enormous undertaking was the result of an army contract in 1963 to develop a social scientific model for predicting and controlling revolution in the Third World. While those who worked for SORO through the years often saw themselves as benevolent and objective academics, working to try and humanise military initiatives, they were embedded from the beginning within the framework set by their military sponsors. SORO’s applied research included area studies, psychology, anthropology, sociology, and behavioural science. Much of this work provided the rationale for military and political strategists to theorise how to apply military force to social problems (Simpson, 1996; Robin, 2001; Wax, 2008; Engerman, 2009; Solovey & Cravens, eds., 2012; Rohde, 2013).

Although the Vietnam War caused public horror and outcry, which led to a period of distrust of American use of military power, a new configuration of governance in the US had already taken root. Despite so-called ‘Vietnam Syndrome’ making major military intervention less appealing for a brief period, the underlying framework of Executive-think tank relations was expanding. The ‘neo-conservative’ shift through the 1970s and 1980s was directly linked to the proliferation of right-wing think tanks, offshoots of the system of informal sub-state institutions that the MIC had spawned. In a country that lacks a proper civil service, the role of these institutions in formulating public policy has been to fill this vacuum. Thus the dynamics of the MIC at least partially underpin the shift in American politics during the last 40 years to a right-wing,

neo-statist, militarised form of governance (Parmar, 2004; Smith, 1993; Drolet, 2011; Block, 2013).

## **Conclusion: The socio-technical underpinnings of US warfare and the US-led global order**

To return to the themes outlined towards the end of Chapter 2 of this thesis, we can now see that the rise of the MIC in the US has given the country a particular socio-technical underpinning to its prosecution of war. As a dynamic and expansionary set of policy subsystems, the MIC embedded itself in the social fabric of the country and changed the way political structures relate to the economy. This directly affected military strategic thinking, and defence doctrines, a process which began in WWII, as Chapter 3 showed. Chapter 4 showed us how the spatialisation strategy of the US, as it attempted to restructure the world economy after WWII, developed in the context of a revival of nationalist/internationalist tensions within US politics. In the immediate post-war international environment, US plans for constructing a US-led trading order interacted with two sources of uncertainty – the developing geopolitics of the Cold War, and domestic US politics. As the chapter showed, the latter were a crucial determinant of the former, and thus shaped the Cold War itself as a phenomenon. The militarisation of the Cold War after 1950 when NSC68 became active, cannot be understood in the absence of the contradictions between domestic US politics and its strategy for the spatial restructuring of capitalist global order. In essence, the only way to resolve those contradictions turned out to be increases in military spending on a scale unprecedented in US history. The price paid for creating a US-led multilateral trading order was militarisation at home and abroad, and the cementing and augmenting of the warfare state that had taken shape during WWII.

In a broader sense, we can see a feedback loop operating in the contradictions between US domestic and international politics. Far from the creation of US hegemony in the 20<sup>th</sup> century being a simple function of ‘economic power’ per se, it was inextricably connected to militarisation. However, this connection is not as many critical scholars have assumed – i.e. that US military and economic power operate together in a seamless totality, represented by ‘capitalist geopolitics’ writ large. This type of thinking still owes much to classical Marxist conceptualisations of imperialism, where imperial actions are direct *function* of domestic capitalist pressures. The clearest exposition of this thesis was Baran and Sweezy’s conceptualisation of ‘Monopoly Capital’ (1966), and its concomitant elevation of militarism as a *necessary* outcome of monopoly tendencies in the US economy. However, the question of state capacity and

‘relative autonomy’ is ignored in such accounts, leading to a misapprehension of the issue. As US capitalism since Baran and Sweezy wrote has not stagnated into a monopoly capitalist trough, their idea of militarism as a ‘stage of capitalism’ has been rendered moot, since US military actions have continued apace.

The insistence on the part of some scholars in finding a universal nexus which reveals how capitalism and imperialism relate is mirrored by Realism’s insistence on the systemic autonomy of geopolitics. Both perspectives tend towards specifying a law-like system beforehand, and then imposing structural imperatives on historical subject matter. Whether the overarching system is capitalism, the international system, the global capitalist system, or some other totalising concept, the effect is the same – to reduce the dialectic between human agency and a contradictory set of determinations down to a structural logic. Once this logic is encapsulated in a concept, it auto-generates the back-and-forth arguments between structuralists of various stripes who insist that their concept is the superior one, can capture the most historical phenomena under its generalising logic. In this respect, this thesis has been written with the following injunction in mind:

‘What we therefore suggest is not a return to the ‘old masters’, nor a partial Harveyan move to Weberian pluralist models to capture the realist imagination and align power politics with Marxist concerns, nor an evolutionary understanding of capitalism’s progressive cancellation of state-boundaries, nor even an orthodox reading of Political Marxism, but a constant attentiveness to the rich diversity of sociopolitically contested constructions of IR that time and again seem to escape the ‘logics’ of pre-conceived concepts’ (Teschke & Lacher, 2007, 579).

The attempt made in this thesis to expose the long-term process of developing socio-technical underpinnings for warfare has tried to contribute to the above research program of Political Marxism in IR. Introducing the conceptual terrain of a political economy of warfare is intended to focus us on precisely the diversity of socio-politically contested constructions of IR that is alluded to above. Previous Political Marxist scholarship focussed on the way in which geopolitical pressures were ‘internalized and deciphered as social praxes’ (Teschke, 2003, 272) on the basis of a ‘theory of social property relations.’ However, this strict notion of the theoretical sources of praxis ran

the risk of giving short shrift to state institutions, for there could be a latent tendency to resort to grand conceptual devices instead of looking at the specific agencies which were charged with deciphering geopolitical pressures. While such agencies always exist as part of a broader social milieu, which reflects fundamental social relations of property and production, any understanding of the relations between geopolitics and this broader milieu must deal with the fact that the agencies that form foreign policy operate 'at-a-distance' from it. Thus the form of the analysis must take account of the politics of these agencies, along with the self-understandings of the agents who act within them, and trace out the web of connections between the actions of those agents in immediate institutional context, in order to do avoid the slippery slope towards seeing them as part of a totality which over-determines the difference they make.

Moving towards a political economy of warfare allows for connections to be made between geopolitical pressures and social context in a non-reductive way. By outlining the constantly evolving conditions under which a state mobilises its economy for war, progress can be made towards moving past stale debates about whether or not capitalism or the state system is 'prior' in determining foreign policy. The conduct of war is itself partly a variable function of patterns of conflict and co-operation in the mobilisation of resources for war, and as such, there is no escaping paying close attention to different 'regimes of warfare' – the way that a state prosecutes wars according to its internal constitution – as they develop over time. Whether or not it can be proved deductively that warfare is a *necessary* function of the existence of an overarching system of 'conflict-units' defined by a condition of 'anarchy' is ultimately a chimerical pursuit. It rests on the assumption that 'war' is a singular concept capable of being rendered static in an analytic sense, which produces the banal claim that 'accidents will happen' (cf. Rosenberg, 1994, 23-29). Ironically, this research orientation relies on *ignoring* the fact that warfare has been theorised over and over by institutions (such as RAND) that constitute the very prosecution of wars, thus silencing the *social* origins of warfare from the very beginning.

The relevance of understanding the defence-industrial base as a foundation for US warfare extends not only to the conduct of wars, such as in Vietnam, but also to broader geopolitical patterns. One of the most important dynamics resulting from the development of the US MIC has been the export of weapons across the globe. This phenomenon had its roots in the Kennedy administration's efforts to cure a growing balance of payments deficit by via arms exports (Borden, 1989, 80-82). This put the

institutional framework for an arms export industry in place. In the 1980s, the industry grew to serious proportions, principally through agreements between corporations and not governments. The industry itself internationalised, through corporate co-operative agreements, and this loosened the constraints on arms exports regulations. By the 1990s, arms exporting was often free of governmental oversight. The US government was itself complicit in this, since it had a choice to let its defence firms industrialise, but under corporate pressure it allowed the process to happen (Gabelnick & Stohl, 2003).

Thus another feedback loop of the US MIC developed over time, namely the high-technology defence-industrial base's expansionary dynamic spilling into a transnationalising dynamic. This has produced the situation where transnational corporations have a more and more tenuous link to the nation states that they ostensibly base their operations in. In the case of the US, it has been argued the dynamics of some of its military interventions have been due to 'blowback' from the unintended consequences of patterns of arms sales militarising social conflicts, which then result in global instability. This creates contradictions in the stability of capitalist spatialisation, which in extreme cases results in direct US military interventions (Johnson, 2000; Caldicott, 2002; Golub, 2009).

A natural response to such trends might be to question whether or not the MIC can be curbed or curtailed in its expansionary dynamics. However, this would be to underestimate its embeddedness in US economic life. As a number of scholars have pointed out, the MIC has operated as a *de facto* industrial policy in the US, guiding high-tech industrial innovation (Magaziner & Reich, 1983; Reich, 1983; Flamm, 1987; Tyson, 1992, 82, 169-171; Ruigrok & van Tulder, 1995, 219-222; Weiss, 2014). This is a longer-term companion dynamic to the shorter-term one of the military expenditures being used as a tool of macro-economic stabilisation (Cypher, 1973). However, this long-term trend has interacted with the broader decline of US industry and reliance on offshore production (Bluestone & Harrison, 1982) to make the National Security State and MIC a central force in innovation in the US economy. This historically unique 'innovation engine' would be difficult to remove in the absence of a 'concerted effort to reconnect innovation with onshore production ... thus ... dislodging ... the preponderant power of financialism that is presently a part of the problem' (Weiss, 2014, 211).

While the MIC as a basis for industrial policy may well be dysfunctional economically in some respects (cf. Higgs, 2012; Mazzucato, 2013), it is not clear that its critics grasp how embedded it has become in American capitalism. Often, critical



scholars assume that US military spending on war has become untenable, and that the recent 2008 financial crisis has shown it to be a tottering giant, about collapse under the weight of its own imperial overstretch. However, this drastically underestimates the embeddedness of ‘financialised capitalism’ in the US (Panitch & Konings, eds, 2008), while also misunderstanding the nature of US national debt (Newman, 2013; Prasad, 2014). In reality, the US sits atop a global configuration of monetary, trade, and financial relations that grants it considerable scope for government spending. Clearly, there are political restraints on any form of government spending, but the US’s capacity to offload the consequences of its indebtedness onto the rest world has deeper structural roots than many scholars assume (Panitch & Gindin, 2012). In this respect, the much-heralded evaporation of US financial power maybe well be chimerical in the short-to-medium term, which means that the prospects of the peculiar political economy of its defence-industrial base vanishing is also unlikely.

This expectation has been further reinforced by the persistence in recent administrations of the Congressional dynamics outlined earlier. As veteran Senate defence advisor Winslow Wheeler has meticulously documented, the post-9/11 world has not seen a change in the basic system of Congressional policy-subsystems that has developed since WWII. Defence appropriations remain massively bloated by domestic political ‘iron triangle’ patterns, while Congress-people remain subservient to the Executive in matters of war conduct (Wheeler, 2004). The effects of this on US society have generated a number of concerned analyses of how militarisation has become so deeply entrenched in US culture, both in the realm of domestic and foreign affairs (Turse, 2008; Der Derian, 2009). It is not clear that such analyses can be optimistic about significant changes in the near future.

## Theoretical Reflections

As well as the foregoing concluding reflections, this section will discuss some of the more specific points concerning theory that have been raised in this thesis. Since the over-arching goal of the thesis has been a constant drive to ‘historicise’ concepts like ‘state,’ ‘capitalism,’ ‘geopolitics,’ ‘national security,’ and so on, then this begs a number of questions concerning the relation of theoretical reflection to empirical inquiry. Even this manner of putting the question is itself loaded, for it could imply something that the thesis has sought to struggle against – the notion of a pure ‘theoretical’ mode of inquiry.

Additionally, the arguments of the thesis beg questions about how the project of HS in IR. The concept of ‘social-property relations,’ while an important theoretical tool, is no substitute for the recognition that foreign policy must be examined first and foremost as a human practice, rather than derived mechanistically from ‘context.’ To this end, the theoretical reflections in Chapter 2 were designed to introduce the notion of ‘disjuncture’ in order to attune ourselves to the task of historical inquiry. Typologies of different forms of foreign policy cannot be assumed from the outset to correspond to socio-economic ‘bases.’

What does this do to the project of Marxist IR? In many respects it signals an end to what most people have considered to be the *sine qua non* of Marxist IR, namely to correspond specific foreign policies to the rhythms of capitalist accumulation. Since the latter notion is deeply contested (witness the constant debates between e.g. fundamentalist Marxists and Regulation School Marxists), then this project has been rather fragmented to begin with. With little agreement on the deeper rhythms of the ‘global capitalist system,’ it is hard then to construct basic empirical propositions concerning how foreign policy elites are compelled one way or another in accord with economic forces.

There is a deeper problem here though. The very goal of tying foreign policy formation to the notion of an ‘economic system’ is itself of dubious utility. For it relies on a number of assumptions regarding the coherence of different social phenomena and their self-evidence that stretch incredulity. Firstly, taking for granted that the ‘economic system’ exhibits regular properties, it does not therefore follow that state managers automatically grasp these properties in their entirety. In fact, it is hard to imagine what this would amount to. Such an ‘Ur-state-manager’ is inconceivable. Instead, the

construction of knowledge about the ‘economic system’ by states-people themselves must be the primary subject material from which to work with. Secondly, such knowledge is itself fragmented, context-dependent, and is the product of political battle within state institutions. Thus outcomes at the ‘state-level’ can never be assumed to be a natural response to external conditions. Instead, we must look and see how certain foreign policy orientations became dominant from within the political conflicts that characterise relations amongst state agencies. The burden of evidence must be to show that foreign policy actors actually ‘recognised’ external situations in the way which we think they did, rather than simply assume this from the outset.

To clarify this, consider that this thesis has shown how the militarised foreign policy outlook of the United States post-1950 was by no means *necessitated* by the external threat of the USSR, but was at least partly (if not primarily) the unintended by-product of the actions of actors who were trying to solve a different problem – that of the dollar gap. And it is of little use to say that this still shows that their orientation was ‘international,’ for this obscures something of great importance – that their context was at once domestic, international, regional, transnational, and in fact combined all sorts of ‘levels of space.’ In this respect, attempts to delineate the contours of how agents build capitalist space in the absence of concrete historical study are bound to miss *how difficult a task it is to construct such space*. Appeals to natural logics of the state, or the economy, or the ‘international,’ now appear as empty gestures, next to the active and often inventive activities of states-people who traverse preconceived spatial boundaries in their lived praxis.

This approach to social science may seem to some as a retreat into narrativity and empiricism. However, it by no means precludes the construction of typologies, categorisations, and the making of generalised statements. What it does do is reverse the traditional way in which theory operates. Rather than setting forth from general statements and forcing historical circumstances to fit into them, the goal is to unsettle and denaturalise general statements by focussing on disjunctures between what theory leads us to expect and what historical research has shown us. Should the theoretical statements still hold up as generalisations, then all well and good, but the process of historicising must always take precedence as the ultimate arbiter of how any social phenomena is to be explained. This ensures a form of rigour that actually strengthens theoretical inquiry, rather than weakens it. In this respect, what is advocated is not ‘empiricism’ but empirically-controlled theoretical formulation.

It might be objected that such a method relies heavily on historical work, and that such work is hardly infeasible. This is quite so, but *it is inescapable*. Even a paradigm exemplar of theoretical deduction like Kenneth Waltz's *Theory of International Politics* makes reference to historical work, and sits atop a foundation of received historical 'wisdom.' There is no such thing as a purely 'ahistorical' mode of inquiry, for such an inquiry would be meaningless. IR theory first and foremost responds to questions which are 'historical' in nature, and this inescapable fact renders pretensions to the contrary irrelevant.

In this respect, there can be no question of 'rejecting' theory in order to focus on history. What is offered is not a return to the mess of history, but a way of subjecting theoretical statements to empirical constraint from the *outset*, rather than constructing theoretical edifices and at a later moment introducing some empirical matter which is stuffed into the boxes that are already in place. This form of inquiry is no doubt more onerous since it demands attention to historical detail that is perhaps alien to many in IR, but it is necessary to overcome the stultifying effects of mainstream IR assumptions.

Turning to the more specific aims of the thesis – to explore the rise of the MIC in the US – a number of theoretical issues also rear their heads. Given the focus on the specificities of the US MIC and its development, are there any general lessons to be learned? It might seem hard to extrapolate such lessons at first glance, for the complex path taken towards a permanent defence industry which altered the institutional foundations of military strategy and foreign policy formation can appear so unique to the US. But here the lessons lie not so much in the expectation that the US experience must be either unique *or* generalisable, but that certain aspects of it may be one or the other.

For instance, one clear lesson is that assumptions regarding how foreign policy formation relates to 'economic motives' must be questioned in circumstances where the preparations for military conflict are underpinned by a permanent defence-industrial base with considerable institutional inertia. This inertia expresses itself both in the immanent workings of a weapons manufacturing system that is riddled with institutional incentives which promote constant innovation, and a powerful lobbying presence which both maintains the system and also directly attempts to influence foreign policy outlook. Hence a general claim to be made here is that the presence of such a defence-industrial base requires jettisoning assumptions that executive decisions regarding military spending are governed by 'external' (international) factors. In the US case, there is a

mass of empirical evidence for the autonomy of military spending patterns from external threats that the country faces. For other countries, a working hypothesis would be that similar patterns could be found, and that this then would have an effect on how we would study foreign policy formation within those states.

However, this is not to assert that the overall global context within which a state exists is somehow irrelevant to foreign policy formation. What is being pleaded for is not merely ‘domestic’ causation. It is a more nuanced plea, in which the overall global context is inextricable from historical inquiry regarding concrete institutional forms in any given state. The generalisation to be taken is not that a small and poor country with a permanent defence-industrial base would behave in *exactly the same way as the US*. This would, of course, be absurd. There is no generalised model of foreign policy making to be drawn from such foundations. The generalisation exists more at the level of method – we would have to *look and see* how in country *x* a permanent defence-industrial base had upset our expectations regarding what mainstream IR theory tells us. Should it turn out that our expectations have not been upset, then so much the better for mainstream theory. However, it is rather more likely that we will often be surprised at how contingent some of the things we take as natural really are.

As a working hypothesis, we might at least say that a permanent defence-industrial base of the type found in the US tends to amplify the importance of high politics in foreign policy formulation. Precisely because the institutions which are supposed to guarantee oversight of processes of military procurement are taken out of the equation, this increases the autonomy and agency of high-level politicians and planners. In the case of the US, this has meant that the executive branch of government has had considerable leeway in prosecuting wars and covert operations, leeway granted to it by the fact of permanent military preparedness. However, one of the specificities of the US has been the way that the executive branch has interfaced with public-private entities (think tanks), which has created a link between high politics and sub state institutions. Far from reducing the autonomy of high politicians, this phenomenon has created the possibility of more coherent foreign policy outlooks, whilst at the same time removing such outlooks from democratic oversight and arguably from ‘the real world.’ Instead of increasing the efficiency of threat assessment, the US has become permanently obsessed with classifying threats, and thus has found threats in every corner of the globe.

We would not generalise this peculiarity to all states. Instead, upon finding a defence-industrial base in another country which granted considerable leeway to the executive, we would have to inquire into the sources of foreign policy conduct, and not assume a general pattern. Thus some ideas can be generalised, and some can't. The research program set up here is a constant and ongoing historicisation and re-thinking of the foundations of foreign policy making and 'security' strategy. What is generalisable is the method and spirit of inquiry, rather than concrete empirical statements. For the latter, there is no substitute to engaging specific research questions with sharpened conceptual tools.

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