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Curt Cardwell

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## NSC 68 and the Political Economy of the Early Cold War

*NSC 68 and the Political Economy of the Early Cold War* reexamines the origins and implementation of NSC 68, the massive rearmament program that the United States embarked on beginning in the summer of 1950. Curt Cardwell reinterprets the origins of NSC 68 to demonstrate that the aim of the program was less about containing communism than ensuring the survival of the nascent postwar global economy, on which rested postwar U.S. prosperity. The book challenges most studies on NSC 68 as a document of geostrategy and argues, instead, that it is more correctly understood as a document rooted in concerns for the U.S. domestic political economy.

Curt Cardwell is an assistant professor of U.S. foreign relations history at Drake University. He received a PhD in history at Rutgers, The State University of New Jersey, in 2006 and was recipient of the Harry S. Truman Library Dissertation Year Grant in 2003.

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CURT CARDWELL

*Drake University, Iowa*



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## Acknowledgments

This book was a labor of love, and many people helped me along the way, intellectually, institutionally, and emotionally. This project would never have seen the light of day had it not been for my chance encounter with Professor Frank Kofsky at California State University, Sacramento, where I began graduate studies in 1994 working toward a Master's degree. It was, truly, a chance encounter, as up to the time I enrolled in Frank's reading seminar on U.S. foreign policy I considered myself a historian of the nineteenth century American West and was preparing to go on to a PhD program in that field. Frank's was the last reading seminar I had to take to fulfill my requirements before moving on to the Master's thesis. His was the only one offered in American history that semester, so I had to take it. Upon learning what the topic of the seminar would be, my thought was "oh, how boring." Little did I know that the seminar was about to change my life in ways I could not have imagined. The first book we read was Thomas McCormick's *America's Half-Century*, and I was skeptical. The information McCormick presented was quite new to me, and it appeared a bit conspiratorial. Then, of all things, I read William Shoup's and Laurence Minter's *Imperial Brain Trust*, a study of the Council on Foreign Relations and its role in the conduct of U.S. foreign policy between roughly 1921 and the 1970s. At this point I grew even more skeptical. Their work truly seemed conspiratorial in nature. Then I read Lloyd C. Gardner's *Economic Aspects of New Deal Diplomacy*, and I was hooked. Literally, Lloyd's first book, written nearly forty years ago, changed my life. It was erudite, scholarly, and too factual not to be taken seriously. I resolved to become a diplomatic historian.

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I then set out to enlist Frank Kofsky as my Master's thesis adviser with the determination to get a PhD in the field. I approached him in the hall of the history department and asked him if he would consider being my thesis adviser. His response was direct and of no small significance for the book in your hands. He agreed and also gave me a topic – the British sterling-dollar crisis of 1949–1950 and the origins of NSC 68. Well, there it is. A topic was born, one that has consumed me for the better part of the last fourteen years. Little did I know then that Frank knew Lloyd Gardner and Thomas McCormick, not to mention Walter LaFeber and William Appleman Williams – the dean of revisionist historians. Next thing I knew I was in touch with Lloyd Gardner and, ultimately, became a student of his at Rutgers, The State University of New Jersey. The rest is, as the saying goes, history. Life has a way of throwing one curve balls. One just has to be ready to smack them out of the park when they come.

Many institutions and individuals have helped me along the way with generous support. I must begin with the graduate school and history department at Rutgers, where I earned my PhD in 2006. The program in history at Rutgers is outstanding in its support of graduate students. The Harry S. Truman Library and Museum in Independence, Missouri, offered me a research travel grant in 2002 that gave me the opportunity to spend ten days at the library researching their archives. More importantly, the library awarded me its annual Dissertation Year Grant for the 2003–2004 academic year, which allowed me to offset my funding from the Rutgers Graduate School for another year. A special thanks also must go to Professor Keith Wailoo of Rutgers who provided me with a year of funding as part of his research team and study group devoted to the history of science and medicine, but which allowed me to offset a year of funding from the university itself. The Drake University Center for the Humanities provided support for a research trip to the National Archives in Great Britain. I would particularly like to thank Karl Schaefer who, as director of the Center, guided me in the process. I must thank my parents, Bob and Lana Powers, who offered their generous economic and emotional support throughout my long college career.

I would like to thank specific colleagues and mentors who have helped me along the way. Jackson Lears and James Livingston, both of Rutgers University, served on my dissertation committee and offered sage advice. Jim Livingston, in particular, has been a source of great intellectual stimulus. He will be disappointed with this book because it is a radical departure from the dissertation, but his impact on my thinking and development as a historian could not be stronger. Robert Long of

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CSU Sacramento stepped in and served as my Master's thesis adviser when Frank Kofsky passed away. I am indebted to him for doing so and for pointing out to me that NSC 68 actually mentions the dollar gap! Fred Adams, whom I met only because he retired from Drake University when I became his successor, has been a huge factor in seeing this work through to completion, deserves great thanks for his thorough reading of the entire manuscript and suggestions he made to improve it.

I am especially indebted to Frank Costigliola, professor of history at the University of Connecticut. I met Frank in 1997 through Frank Kofsky. When Frank Kofsky died, Costigliola took me under his wing and has been a source of guidance and inspiration ever since. He is truly a remarkable individual in his devotion to his students and his love of history. A great thanks must also go out to Robert Buzzanco, professor of history at the University of Houston. Bob was an early supporter of the work currently in your hands and has been a consistent champion of it ever since. I will forever remember his influence and input to the endeavor. For giving me a hard time throughout my years at Rutgers (and to this day), thanks goes out to Warren Kimball, professor emeritus of Rutgers. Warren probably will not like the finished product, but his imprint is on it, nonetheless. Lloyd Gardner, who advised my dissertation, is a giant among giants, and although he would not like me to say that, it is true. I could not imagine a more gregarious and supportive adviser. Working with him was the pleasure of a lifetime, and I will always cherish it as the luck of the draw.

A first book, usually, is the product of a dissertation, and no dissertation gets written without the support, prodding, and commiseration of graduate colleagues. I met some really great people in my years at Rutgers. Thanks to Amy Portwood, Kate Elias, Lindsay Braun, Mark Sykes, Katherine Howey, Katie Keller, Peter Larson, Scott Bruton, Gary Darden, and Justin Hart. Among my graduate colleagues, a special thanks goes out to Joe Gabriel, a true colleague in every sense of the word. Joe has been both the most consistent critic and the most consistent champion of my work. To long nights of drinking, great conversation, and baked potatoes!

A shout out must go to the crew at the Olive Branch in New Brunswick, New Jersey, where I did more than enough studying than I should admit. To the three Nicks, Pete, Doug, Harriet, and Andy: Thanks for the hospitality, the cheap pizza, and introducing me to the New Jersey attitude. I will never forget it. I promised you all I would acknowledge you in this book, and I have made good on my promise.

Also, I would like to thank all my students at Drake who have participated over the years in my seminar on the origins of the Cold War. The

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*Acknowledgments*

seminar gave me a chance to test my ideas with some really wonderful, bright, engaging young people who were, for the most part, born near the end or after the Cold War ended and so never knew it as a daily reality. I always gave them a cross-section of readings on the origins of the Cold War. Almost to a one they generally came down on the side of the revisionist interpretation, although not without qualms, to be sure. It is folly to think that this current generation is disengaged or less intellectual than its predecessors. You all know who you are.

The most important acknowledgments must go to the two most important individuals in my life – my wife Stephanie and my daughter Lenin. Stephanie has been by far my biggest champion and supporter. Why she ever went along with my plans to become a historian, with all of the initial poverty and the moving here and there with no guarantee of a job at the end of the day, I will never know. How is that for faith and encouragement? Not only that, but without her this book, and the dissertation that preceded it, never would have been what it is. She read it over and over, edited its many editions, and listened and commented on my many qualms and concerns and observations to the point that she knows as much about this subject as I do. No person on this planet will be happier than she that this book has reached completion. If she never hears the term NSC 68 again in her life, it will not be too soon. We've been married twenty-one years as of 2010, and what a great time it has been. To many more years!

Our daughter came along in 1998, and my life has been so enriched as a result. Despite her name, she was not the inspiration for this book nor, most importantly, its interpretational stance (she's actually named after John Lennon, but that is another story altogether). She has, however, been an inspiration toward finishing the book and leaving her a legacy of a father who cherishes truth, wisdom, and serious historical study. It is my hope that she will come to appreciate that as she grows and develops her own ideas about the larger world of which she is a part. At her age, that would be too much to ask now. Of course, her love, her smiles, her quirky comments, her great sense of humor, and so much more besides have sustained me on this journey and made it all the more worthwhile.

A study of this sort, which aims to challenge conventional wisdom, is bound to be scrutinized to the hilt (and I hope it will be!). Although I have received help and advice from many individuals, all errors of either analysis or factual information are mine alone.

Curt Cardwell  
Des Moines, Iowa, 2010



Abbreviations

AMP	Additional Military Production
CCP	Chinese Communist Party
CFM	Council on Foreign Ministers
CFR	Council on Foreign Relations
CIA	Central Intelligence Agency
ECA	Economic Cooperation Administration
ECSC	European Coal and Steel Community
EDC	European Defense Community
EPU	European Payments Union
ERP	European Recovery Program (Marshall Plan)
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
ISAC	International Security Affairs Committee
ITO	International Trade Organization
JCS	Joint Chiefs of Staff
MAP	Military Assistance Program
MDAP	Mutual Defense Assistance Program
MSA	Mutual Security Agency
MSP	Mutual Security Program
NAC	National Advisory Council on International Monetary and Financial Problems
NATO	North Atlantic Treaty Organization
NSC	National Security Council
OEEC	Organization of European Economic Cooperation
OSD	Office of the Secretary of Defense

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OSP	Offshore Procurement Program
PPS	U.S. State Department Policy Planning Staff
RTAA	Reciprocal Trade Agreements Act
SGAE	Council on Foreign Relations' Study Group on Aid to Europe
SGEP	Council on Foreign Relations' Study Group on Economic Policy
WUSB	Western Union Supply Board