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BEGINNINGS OF THE COLD WAR ARMS RACE

**The Truman Administration and the
U.S. Arms Build-Up**

Raymond P. Ojserkis

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Beginnings of the Cold War Arms Race

*The Truman Administration
and the U.S. Arms Build-Up*

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Preface and Acknowledgments

The Cold War arms race did not begin when the Cold War began. Convinced of the deterrent power of the American atomic monopoly, the Soviet leadership's lack of desire for war, the need for economy in the federal budget, and the importance of avoiding waste in the military, the Truman administration continued to demobilize U.S. forces even as the Cold War grew ever more competitive, in 1945, 1946, and 1947. Only with the beginning of the Korean War, on June 25, 1950, did the Truman administration shift its stance on military preparedness. From that time, the administration swung to an opposite extreme, almost tripling military budgets, deploying large combat-ready forces to those areas of Europe and East Asia where the American-led bloc bordered the realms of Soviet and Chinese influence, expanding the strategic air fleet, and augmenting the nation's nuclear weapons production programs. This reversal was not a simple case of remobilizing for the Korean War: it was a remobilization for the Cold War. Truman administration officials explicitly stated that the arms build-up was meant to create and maintain both conventional and nuclear parity with the USSR worldwide even after the expected cessation of hostilities in Korea. The expenses incurred by the expansion of programs, forces, and obligations ensured that, as a proportion of national income, military funding, despite some slight downturns in the 1950s, would remain at wartime levels until the 1970s. U.S. combat-force deployments outside of the Western Hemisphere would last into the twenty-first century.

This book relates, in a generally chronological fashion, the events leading up to the arms build-up, and the build-up itself. In doing so, it also

assesses the causes and effects of the build-up. In particular, it attempts to answer seven critical questions: Did the United States and its European allies come to find themselves in a position of relative weakness, vis-à-vis the Soviet Union, in terms of conventional power, by 1950, as Western leaders then believed? Why were certain officials within the Truman administration unsuccessful in their efforts to initiate an arms build-up, before the start of the Korean War, even though they managed to gain Truman's signature on a National Security Council document calling for expanded military budgets? Why, in the first days after the start of the Korean War, was the Truman administration convinced of the need for an arms build-up and deployment of global scope and indefinite duration, even though the conflict in Korea was not expected to last long? How did the Truman administration incorporate such radical policy shifts into the budgets, and finance them so rapidly? Why was the administration successful in its efforts to win congressional support for troop deployments to Europe, even though the war was in East Asia? To what extent did the Truman administration's arms build-up of 1950–51 initiate the Cold War arms race, especially in terms of conventional forces? Was the decision to initiate the arms build-up a sound one?

In researching this book, I read government documents in archives and presidential libraries, the memoirs and diaries of relevant individuals, and the work of historians who blazed a trail in this field. These documents are listed in the bibliography following the text. I should also especially thank Professor David Stevenson, of the London School of Economics and Political Science, for his close and helpful supervision of this work through many stages; Professors MacGregor Knox and Robert Boyce, also of the London School of Economics and Political Science, for reviewing parts of the text; Randy Sowell and Liz Saflly, for helping orient me amid the vast holdings of the Truman Library; Dr. Donald Steury, of the Center for the Study of Intelligence, for reading an early draft and providing valuable commentary and background information; Jim Dunton of Praeger Publishers, for helping arrange publication; Alissa Gafford, for copyediting early portions of the book; and the team at Impressions Book and Journal Services, Inc. for organizing the production of the manuscript. Lastly, I would like to thank my late father, Richard, my mother, Rosa, my brother, Nelson, and his wife, Deborah, for general support.

Abbreviations Used in Notes

The U.S. Army Center of Military History	ACMH
The Basil Liddell Hart Center	BLHC
The Churchill Archives	CA
Central Intelligence Agency, Historical Office	CIAH
Congressional Service Quarterly	CSQ
The Dwight D. Eisenhower Presidential Library	DDEL
The Franklin D. Roosevelt Presidential Library	FDRL
Foreign Relations of the United States	FRUS
The Harry S. Truman Presidential Library	HSTL
The U.S. National Archives & Records Administration	NARA
Office of the Secretary of Defense, History Office	OSDH
The Papers of Dwight David Eisenhower	PDDE
The Public Record Office of the United Kingdom	PRO

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Introduction

Charles Bohlen, a career U.S. Foreign Service officer specializing in Soviet affairs, described the scope and scale of the American arms build-up during the Korean War (1950–53) by saying:

Before Korea, the United States had only one commitment of a political or military nature outside the Western Hemisphere. This was the North Atlantic Treaty. Our bases in Germany and Japan were regarded as temporary, to be given up when the occupation ended. True, as a hangover from pre-war days, we felt it necessary to retain bases in the Philippines, but there was no pledge on their use. The only places we had military facilities were in England, where we had transit privileges, and Saudi Arabia, where we had an airfield. As a result of our overinterpretation of Communism's goal [during the Korean War], we had by 1955 about 450 bases in thirty-six countries, and we were linked by political and military pacts with some twenty countries outside of Latin America. It was the Korean War and not World War II that made us a world military-political power.¹

This extension of American power entailed a renewed use of conscription, a reintroduction of World War II-style price and wage controls, and a near tripling of U.S. military budgets in a two-year period. The funds covered everything from new combat divisions to new navy super carriers to the construction of the largest nuclear weapons plants yet built. The motivation was the fear that unless the United States engaged in a militarized containment of Soviet power, the Korean War could be a prelude to a much wider conflict with the USSR.

The arms build-up began immediately after June 25, 1950, the start of the Korean War. Although many other events (such as the Turkish Straits

and Iranian crises of 1946, the Greek civil war that began after the end of World War II, the Berlin blockade of 1948–49, the Soviet detonation of an atomic weapon and the collapse of Chinese nationalist resistance in mainland China in 1949, and the signing of the Sino-Soviet Treaty of Mutual Assistance in February 1950) contributed to tension between the Soviet Union and the United States, it was only after the start of the Korean War that the Truman administration embarked on an arms build-up designed to reverse the perceived Soviet lead in conventional forces. Such action was in direct contrast to President Harry Truman's policies from V-J Day right up to May 1950. It contravened his decision to demobilize forces as rapidly as possible after the war, as well as the National Security Council's decision in February 1948 to "work towards the earliest withdrawal of all occupation forces from Germany."² The arms build-up was also in direct contrast to Truman's decision to submit the lowest proposed American military budget of the post-1945 era to Congress in May 1950, a month before the beginning of the Korean War, while asking the Department of Defense if its budget could be further cut by a half-billion dollars.

The need to build forces throughout the anti-Soviet world became so critical during 1950–51 that the United States reversed its policies on the demilitarized status of Germany and Japan. Other radical changes included the decisions to fund a globally deployed American military on an indefinite basis, reintroduce conscription, and create a domestic air defense system against enemy penetration.³

Almost all such decisions were made in the first three months of the Korean campaign. Later events, such as the start of the Chinese conquest of Tibet in October 1950, the Chinese entry into the Korean War, the introduction of Soviet pilots in that war, the beginning of a negotiated settlement in Korea, the successful testing of thermonuclear weapons by both the United States and the USSR, the election of President Dwight Eisenhower, and the death of Soviet dictator Josef Stalin, had an impact on American arms spending. However, their impact was not revolutionary: the general scope of American commitments had been set in the summer of 1950. The Truman administration, and the other Cold War administrations that followed until the 1970s, only altered the scale or expense gradually, and could never seriously reconsider the deployments decided upon in 1950.

The military commitments made during the Korean War were global. In Korea, American troops returned in 1950, after having withdrawn in 1949, and have stayed to the present day. In the Arctic, the United States embarked on the creation of a new radar system, the Distant Early Warning (DEW) line, to protect against Soviet attacks. In the air, the United States built the Strategic Air Command (SAC) into a potent force of several hundred thousand personnel, with bombers in the air at all times to retaliate in the event of a nuclear strike upon the United States or its treaty

allies. At sea, the United States began patrolling the Straits of Taiwan, becoming militarily involved in the Chinese Civil War for the first time. Under the seas, the United States launched its first nuclear-powered submarines. In Germany, where the American occupation units had previously been unarmored, without air power, and involved primarily in denazification and maintaining public order, the North Atlantic Treaty signatories began building that paper alliance into an effective armed force, creating the North Atlantic Treaty Organization (NATO), with a multilateral command structure, a Supreme Allied Commander for Europe (SACEUR) in charge of field operations, four American divisions, and increased commitments from other member states.⁴

Without the Korean War, or an incident similar to it, it is doubtful that America would have engaged in an arms build-up or deployed its forces around the globe. Although Truman would later claim, in an official address to Congress asking for military funds, that the decision to ask for an increased military budget “should have—and, though no doubt in smaller measure, would have—been taken” even in the absence of the Korean War, the evidence suggests otherwise.⁵ As we shall see, Truman was attempting to trim the military budget right up to the day the war began. Truman may have been closer to expressing his real feelings on the impact of the Korean War in a January 1953 discussion with a journalist, during which he discussed Stalin’s decision to allow the North Koreans to invade South Korea: “It’s the greatest error he made in his whole career. If he hadn’t made that mistake, we’d have done what we did after World War I: completely disarmed. And it would have been a cinch for him to take over the European nations, one by one.” But the beginning of the Korean War had dramatically changed matters: “It caused the rearmament of ourselves and our Allies. It brought about the North Atlantic Treaty [sic]. It brought about the various Pacific alliances. It hurried up the signing of the Japanese Peace Treaty. It caused Greece and Turkey to be brought quickly into the North Atlantic Alliance.”⁶

The defense policy changes of 1950–51 had long-lasting repercussions. The new deployments of forces in Germany and Korea would survive not only the end of the Korean War, but also the end of the Cold War. The military agreements with Japan, Australia, and New Zealand are still legally binding, and the NATO military structure is not only alive at the beginning of the twenty-first century, but also preparing to expand.

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CHAPTER 1

Demobilization

AMERICAN AND WESTERN EUROPEAN MILITARY PREPAREDNESS, 1945 TO EARLY 1948

The American, British, and French forces acting under Eisenhower's supreme command in the days leading up to V-E Day in May 1945 were formidable. In terms of air and sea power, they were more effective than any other force in the world, and on land had shown that they could drive from the English Channel to the center of Germany. But by 1948, the Americans, British, and French, not to mention allies such as the Netherlands, had little military power in Europe. In the United States, a large national debt and a high political priority on returning to a traditional version of peacetime, one with little need for large arms budgets, led to a swift and significant demobilization. For Britain and France, a high priority on funding economic reconstruction and the draining effect of colonial conflicts in Asia prevented the maintenance of sizable and effective forces in Europe. On both sides of the North Atlantic, confidence in the deterrent effect of the United States's atomic monopoly, and tardiness in concluding that the USSR was a substantial rival, contributed to the general rush to demobilize. With Germany and Italy demilitarized, there was little military force in Europe west of the Soviet occupation sector in Germany by the end of 1947.

In the United States, the prospect of a peacetime mobilization appeared unlikely to most Americans in the aftermath of World War II. Despite the intense acrimony that divided the governments in Moscow and Washington by, at latest, early 1946, it was by no means apparent that a cold war

(the term was coined that year) would entail an extensive worldwide build-up of troops and weaponry. Following previous practices, but in contrast to practices after future wars in Korea and Vietnam, the United States demobilized its conventional forces to such an extent that there were hardly any American combat forces outside the United States.

Many, if not most, Americans had been opposed to America's military participation in World War II until the attack on Pearl Harbor and the German declaration of war on the United States. During the war, most Americans hoped for a quick resolution and a return to the old ways of small armies and relatively little military action outside the Western Hemisphere. Although isolationist sentiment, especially in its most strident forms, was on the decline, Americans still almost universally assumed that army and naval forces would return home after the war and that there was no need for permanent military deployments abroad.

By the November 1944 elections, both of the major parties, reading the polls, tried to make electoral gains by claiming that their party would demobilize the fastest.¹ The Roosevelt administration began decreasing munitions production during 1944² and made plans to slow warship construction.³ President Franklin Roosevelt informed Harold Smith, director of the Bureau of the Budget, that after the war he wanted to give a higher priority to cutting the national debt than to spending on foreign policy or tax relief.⁴

Truman, on assuming the presidency in April 1945, was similarly inclined toward a rapid postwar demobilization. In his September 6, 1945, message to Congress, at 16,000 words the longest address ever delivered by a president to the legislatures, Truman barely mentioned foreign policy, despite the fact that only four days earlier General Douglas MacArthur had hosted the formal surrender of Japan in Tokyo Bay.⁵ The message represented the end of the war in American politics. The goal was a return to normalcy: an ending of the unpopular shortages of the war years, and an effort to use the boom in production that the war had created (national income had doubled from 1939 to 1945) to boost the domestic standard of living and pay off the immense war debt, which was more massive relative to the size of the American economy than at any time in U.S. history before or since (almost double the amount, as a percentage of gross national product, than at present).

Truman, looking over a world in which the governments that composed the Axis alliance had been replaced by occupying military forces, confident that the American atomic monopoly would maintain U.S. security in the future, and under intense public pressure to bring the troops home and restore a sense of normalcy,⁶ ordered immediate demobilization and the withdrawal of almost all American soldiers overseas. In one month, the Pentagon cancelled \$15 billion in contracts,⁷ and by the end of the year, the Department of Defense canceled more than \$21 billion in contracts with aircraft manufacturers alone.⁸

Truman did not face significant congressional opposition over demobilization. Sensing war weariness in the public, the Democrats, forming the majority in both legislatures, were eager to demobilize and end the unpopular wartime conscription. The Republicans, who would gain the majority in both houses of Congress in the 1946 midterm elections, came into office on an election platform of reining in government expenditure. A substantial minority of congressional Republicans also maintained the pre-World War II prejudice against high levels of military spending. Even had they wished to do so, the Republicans were in a poor position to make major changes, considering they had won a tiny majority of seats on a minority of votes and faced a hostile executive branch.⁹ By the time they opened the Eighty-first Congress in January 1947, the demobilization of the military had already taken place, and the Republicans made no effort to revise it.

Demilitarization took only two years. The military budget fell from \$81.6 billion in fiscal year 1945 (July 1944–June 1945) to \$44.7 billion in fiscal year 1946 to \$13.1 billion in fiscal year 1947,¹⁰ with Truman envisioning a time when defense spending might level off at \$6 to \$7 billion annually.¹¹ As a percentage of gross national product, military spending dropped from 38.5 percent in fiscal year 1945 to 5.7 percent in fiscal year 1947.¹² The decline in personnel was even steeper, as detailed in the chart below.

Between V-E Day and November 2, 1945, nearly 2.5 million troops returned to the United States.¹³

The result was a U.S. military that lacked sufficient conventional power to carry out some of the political commitments the Truman administration wished to uphold. When there was a crisis in March 1946 concerning Soviet unwillingness to withdraw, as promised, from the northern regions

Table 1.1
Decrease in U.S. Military Personnel after World War II

Decrease in U.S. Military Personnel after World War II		
	Personnel in 1945	Personnel in 1948
Army	8,266,373*	530,000
Navy	3,380,817	419,347
Marine Corps	474,680	84,988

*The 1945 army figure includes 2,200,000 personnel in the Army Air Corps, which became an independent service, the United States Air Force, in 1947.

of Iran, Secretary of State Jimmy Byrnes felt that the U.S. armed forces were already too weak to play a role.¹⁴ By 1948, the army had less than half the number of troops in uniform that it had at the time of Pearl Harbor.¹⁵

Between February 1945 and 1948, the number of navy aircraft carriers fell from 90 (almost 60 of which were purpose-built) to 11.¹⁶ From the end of the war until early 1948, air power was cut from a total of 218 groups (each consisting of either 30 bombers or 75 fighters) to 38.¹⁷ Despite the focus on strategic bombing, which we shall consider later, the 2.2 million personnel in the Army Air Corps of 1945 were reduced to 411,277 in the Air Force by June 30, 1950.¹⁸ The number of civilians in military aircraft production decreased from 2,101,600 in November 1943 to 138,700 in February 1946, and the number of airframe plants in operation dropped from 66 to 16 in 1945 alone.¹⁹

The pace was so rapid that Truman would later claim that it was not demobilization, "it was disintegration."²⁰ Perhaps an even more apt analogy was General Alfred Wedemeyer's claim that the nation had "fought the war like a football game, after which the winner leaves the field and celebrates."²¹

Although American forces did remain as occupation troops in Japan, Germany, and Austria, these units were stripped of most armor and air power and assigned only maintenance of public order and denazification duties. Only the desire to fulfill these commitments prevented the United States from completely withdrawing its forces from theaters of operations in 1945, as it had in the few years following World War I.

There were no large British or French forces in Europe to compensate for the withdrawal of American forces. In the chaotic first two years after World War II, the pressing question on the minds of most Western European policymakers was how to survive the economic collapse the war had created, rather than how to maintain or build effective fighting forces.

The war had led to marked declines in the standard of living and the volume of economic output. Many cities had been pulverized by aerial bombardments, which wrecked manufacturing centers, disabled transportation networks, ruined communications systems, rendered central business districts unusable, and left countless families homeless. Dams and dikes had been destroyed, causing immense flooding. In the chaos after the collapse of Axis governments and occupation regimes, currencies were ruined and order difficult to maintain. Businesses that survived the war often found it difficult to reestablish peace-time business relationships and reconvert to the production or sale of peace-time goods. As soon as officials accomplished the challenging task of reorganizing governments in the formerly occupied nations, they turned their energies toward the call for economic recovery.

Defense, in the strictly military sense of the word, was relatively neglected, since economic recovery was considered the primary defense

against Soviet-inspired Communism. The Council of European Economic Cooperation (CEEC), created to oversee the distribution of aid from the European Recovery Program (better known as the Marshall Plan), focused on industry and commerce, rather than military aid. Military expenditures were low.

What money France had for her armed forces went to resuming control of the empire, especially in Indochina, which the Japanese had occupied, and where, from 1946, the French were fighting the Vietminh.

The Dutch were slow in concluding that the Soviet Union was the greatest threat to their independence, rather than Germany. Only after the failure of the London Conference of 1947 to create a new unified and demilitarized Germany did the Dutch, perceiving that it was Soviet intransigence that prevented a settlement, conclude that security against the USSR was necessary.²² But economic difficulties, stemming mostly from the destruction caused by fighting in Holland in 1944–45, made military funding scarce.

British policy, as reflected in the 1947 Future Defence Policy Paper, was based on the assumption that defense of the British Isles, control of the Middle East, and maintenance of sea communications were the highest defense priorities of the nation. Having borrowed heavily to fight World War II, and having domestic spending programs of vast size, Britain had a debt that was 2.7 times the gross national product,²³ making any contribution of armed forces to Central Europe financially difficult.

In the unlikely event that a war with the Soviet Union would arise,²⁴ Britain was to abandon Europe and fight Communism in the Asian parts of the empire, particularly the Middle East, and through the use of strategic bombing.²⁵ The British War Office assumed that the Soviet Army would be able to occupy Germany, the Low Countries, and France in two months, and would then embark on attacks on the oil-rich Middle East.²⁶

The assessment was based not only on Western military weakness, but also on Soviet military power, which was significant.

SOVIET MILITARY PREPAREDNESS, 1945–47

Conflicting factors affected Soviet military preparedness after World War II. Driving military spending and troop levels up were the vast scope of the goals of Soviet foreign policy, substantial disagreements with the other World War II victors, a political culture in the Kremlin that viewed foreign powers with suspicion and that sought protection through military force, insecurity over perceived Western technological superiority, the desire for internal security, and awareness of the American atomic monopoly. Driving military spending and troop levels down were the American demobilization, the perception of war weariness in the United States, and the very substantial demands of economic reconstruction.

The Soviet leadership had multiple foreign policy goals and sought to achieve as many as reasonably possible without jeopardizing the Communist Party's power. In probable order of importance, the Soviets sought: the USSR's 1941 frontiers (with the further addition of East Prussia); friendly governments near their borders (especially in Poland and Romania, which had border disputes with the USSR); a neutralized, reparations-paying Germany; Western recognition of these changes; co-operation with the West based on these accomplished facts; and the extension of Soviet power outside the areas dominated by the Red Army, perhaps through the use of Communist factions abroad.²⁷ They achieved the first goal in 1944–45 by reconsolidating Estonia, Latvia, and Lithuania into the USSR and redrawing the national boundaries of Poland, Romania, Germany, and the USSR, forcibly moving parts of the concerned populations in the process. This action caused considerable unease in the West, with the United States and Britain refusing, in July 1945, to recognize the new western boundary of Poland. The other Soviet goals proved harder to achieve and led to even greater tension with the other World War II victors. In particular, the decision to install governments in Poland and Romania that were malleable to Soviet aims, rather than accepting American interpretations of democratic self-determination, increased the political distrust between Moscow and Washington.

A wide variety of other disagreements existed as well, many stemming from Soviet distaste for the American vision of a postwar world dominated by relatively free trade (with currencies pegged to the dollar) and elected governments. Disagreements on the governance of occupied Germany, the Anglo-American prohibition of Soviet involvement in occupied Japan and Italy, the ongoing struggles between Communist and conservative forces in China and Greece, and Soviet meddling in Iranian and Turkish affairs all increased the friction between the West and the USSR. At the Potsdam Conference of July–August 1945, the major victors in the European theater of war had agreed on the denazification of Germany and the need to finish off Japan, but could not agree on issues independent of their mutual antagonism toward the Axis powers. The status of governments in eastern Europe was covered in language that was open to much interpretation. The failure to produce more fruitful results was a foreshadowing of how the Grand Alliance would crumble once the war was fully over. After the surrender of Japan, the decline in relations between the Soviets and the Anglo-American coalition became precipitous. By February 1946, Stalin, in a radio address, began preparing the Soviet populace for the possibility of a future war with the capitalist powers.²⁸

The Soviet willingness to accept high levels of distrust in their relations with the United States may have stemmed, in part, from a predilection to assume that foreign relations, particularly with capitalist powers, were unlikely to ever be based on mutual understanding and commitment. The

best that could be hoped for would be wary cooperation for a limited duration on issues of mutual interest. Russian and Soviet history had produced a political legacy of anxiety regarding foreign intrigues and a view of national security that was highly dependent upon the occupation of territory. Such history, combined with insecurity over internal weaknesses and Stalin's conspiratorial personality, led the Soviets to operate under the premise that conventional military operations of unspecific scope were a significant possibility.

The Kremlin was acutely aware that the Soviet Union was years behind the West in industrial technology and that it would be some time before the Soviets could create their own atomic weapons. This insecurity did not, however, lead to decreased military spending. On the contrary, it led to a greater drive to compensate with quantities of goods and troops, and quality of military operations. The Soviets continued to grant primacy to the military in acquiring materials and workers, both for production of conventional war materials and for the atomic research program that was vastly expanded after the bombing of Hiroshima. Stalin told his confidants that the USSR needed at least three more five-year plans to prepare for "all contingencies,"²⁹ and that he wasn't content to demobilize extensively before then. The populace was made to understand that they could not expect a consumer economy soon.

In addition to the international tension, the Soviets had internal security issues. The Soviets were fighting approximately 50,000 to 200,000 Ukrainian members of anti-Soviet paramilitary organizations in 1947,³⁰ and they also admitted losing tens of thousands of troops against Lithuanian partisans.³¹

Knowledge of the American demobilization moderated Soviet urges to maintain significant military forces. The Soviet leadership had access to information on many details of American and Western European military preparedness. Much of the information was public information in the West, easily attained by Soviet foreign ministry personnel. There were also spies, the foremost being Donald Maclean, the first secretary of the British embassy in Washington, who gave the Soviet intelligence services a wealth of data, including detailed reports on the month-by-month changes in American forces at every U.S. base, domestic and foreign,³² and information on political talks among Western leaders. A host of other material from a variety of American, Australian, British, and other sources was added to Maclean's information.³³ The Soviets knew that, in the immediate postwar era, the United States had only a tiny nuclear arsenal (fewer than six bombs in March 1946), and that the British still had none.³⁴

The Soviets also had perhaps the greatest need for economic reconstruction of any of the World War II combatants. The war with Nazi Germany had been extraordinary in its scope, harshness, duration, and damage. Within the USSR, 1,710 towns had been annihilated; 70,000 villages

burned to the ground; 32,000 factories rendered unusable; 65,000 kilometers of railroad track destroyed; 90,000 road bridges wrecked; 100,000 collective farms laid to waste; 70 million livestock animals killed; 1,000 coal pits made unusable; 3,000 oil wells destroyed; and 25 million people left homeless.³⁵

However, despite the necessities of reconstruction and Soviet knowledge of American demobilization, Soviet military budgets did not have to sink as far as the American ones before they reached a point at which the factors driving costs up were at least equal to those driving them down.

The Soviets seem to have concluded, in the 1945–47 period, that there was sufficient need for forces, and that the USSR's security needs and political aims afforded it only a partial demobilization.³⁶ Millions of troops were decommissioned, but the armed forces were not cut to an extent that would jeopardize the Soviet preponderance of force in central Europe (we will examine this force in Chapter 2).

The Soviet military leadership protected the critical armored and air elements, as well as the core of the infantry, from the brunt of the cuts. Where possible, the Soviet staff decommissioned service members too old for normal service as well as obsolete units, such as cavalry,³⁷ but tank units and the fleet were unaffected by the initial demobilization.³⁸ Many divisions at full strength were maintained on forward deployment in central Europe, and, as we will see in a later chapter, the decrease in Soviet manpower was at least partially offset by improvements in Soviet military technology and techniques, which made the smaller force more mobile and advanced.

CHAPTER 2

Consolidation

THE STABILIZATION OF AMERICAN MILITARY PREPAREDNESS

By 1948, American military spending had tumbled so far that the Truman administration was forced to decide where the floor would be on military spending. Analysts set about creating a more comprehensive strategy for matching American military means and ends, linking goals, limits, and requirements.¹ As with any military budgeting, political desires, competing demands for funds by other sectors of government and society, current capabilities, and the existing military balance all affected the decision-making process.

Opposing forces affected spending. The American monopoly on nuclear weapons, the American military's emphasis on strategic bombing (which was relatively cheaper than the conventional armed services), the priority placed on paying off the federal debt, a president who assumed that the military leadership would squander funds, the seeming remoteness of a major war, and the American tradition of small peacetime military budgets drove costs down. On the other hand, the maintenance of occupation forces in defeated Germany and Japan, the use of American military personnel to help train Allied armies, the maintenance of a bomber force capable of posing a nuclear deterrent, the new postwar internationalism that permeated American political culture, and, most importantly, the continuing disagreements on postwar settlement issues with the Soviet Union drove costs up.² In the 1945–47 period, the factors driving costs down outweighed those driving costs up, but by 1948, an equilibrium between

the opposing forces had been reached. The new level of military spending, which hovered around five percent of the gross national product in the June 1948–June 1950 period, was, relative to national income, far in excess of 1930s prewar budgets, but far short of most of the Cold War military budgets after 1950.

Among the factors keeping military spending down, the atomic monopoly was perhaps the most important. In the wake of Japan's surrender, shortly after the atomic attacks on Hiroshima and Nagasaki, American military strategists saw nuclear weapons as war-winners, and favored using them early and often in the event of a war with the USSR. On August 30, 1945, just days after Japan's unofficial surrender, and before the formal surrender in Tokyo Bay, the U.S. Army Air Force³ delivered a manuscript to American forces in the Pacific detailing the number of atomic bombs needed to destroy each of the major Soviet cities, and the bases useful to carry out such a plan.⁴ Atomic bombing became a main axiom of all U.S. contingency plans, such as BROILER, TROJAN, HALF-MOON, and FLEETWOOD, for a possible conflict with the Soviet Union in the late 1940s.⁵ Bombers were to fly from bases in the United Kingdom, Okinawa, and the Middle East, and from aircraft carriers. BROILER designated targets in 24 Soviet cities⁶, and TROJAN designated industrial targets in 70 Soviet cities. U.S. strategists in this era greatly preferred strategic bombing of major Soviet command, production, and transportation centers to tactical bombing of Soviet military forces in the field. The plan was to win a war primarily through atomic bombing, rather than use the weapons in a way that might enable a ground army to slog its way to a victory.

The reliance on atomic weapons resulted in, and was also a result of, the low American military spending on conventional arms. Omar Bradley, the army chief of staff, would later claim that "the Army of 1948 could not fight its way out of a paper bag"⁷ after its budget cuts. As we shall see in a later section, U.S. military planners did not expect that the existing French, American, and British armies would be able to make a determined stand on the European mainland in the initial stages of a war with the USSR. If the atomic attacks on the USSR failed to induce a quick Soviet surrender, it would take many months for the United States to remobilize its forces in sufficient number to challenge the Soviets in continental Europe.

Besides atomic weapons, another major factor militating against any growth in defense budgets was the emphasis on debt reduction, particularly by the president. Although Truman could sometimes talk as if he fervently believed in the reality of a Soviet military threat, saying, for instance, after the March 1948 Soviet-sponsored coup in Czechoslovakia, that "we are faced with exactly the same situation with which Britain and France were faced in 1938–39 with Hitler," his actions suggest that he

believed that large debt was the greater threat to national health. In contrast to his predecessor in the Oval Office, and in disagreement with at least one of his chairmen of the Council of Economic Advisers, Leon Keyserling,⁸ Truman valued balanced budgets. The New Deal and, more importantly, World War II, had created more than \$250 billion of federal government debt, which Truman was convinced had to be slashed to relieve the economy of onerous interest payments. Although economists and liberal advisers in the administration often lobbied for government-stimulated demand and easy money, tenets of the American version of Keynesian economics that were the guiding ideas of the moderate left at that time, Truman was absolutely opposed to the ideas of fiscal and monetary management that had become influential since the first term of Franklin Roosevelt. As a local official in Missouri and later as a U.S. senator, Truman had aimed to cut deficits through careful control of expenditure.⁹ He had even made a name for himself doing so,¹⁰ and was disinclined, as president, to accept new ideas about deficit-financed spending that he did not fully understand. As Alonzo Hamby, perhaps the most thorough of Truman's biographers, has written, "Truman . . . never fully accepted Keynesian economics of any variety. His ideas on budgetary management had been formulated during ten generally grim years of local government administration in which raising funds through debt had been a difficult process and the goal had always been to balance income with outgo."¹¹ It was Truman's opinion that "during World War II, we borrowed too much and did not tax ourselves enough. We must not run our present defense effort on that kind of financial basis."¹² Truman was unimpressed by his advisers' promises about running an economy at full employment through borrowing. When Keyserling wrote to Truman to try to persuade him to engage in deficit-financed stimulus, Truman responded by writing "Leon, you are the greatest persuader I ever knew, but nobody can convince me that the Government can spend a dollar that its not got. I'm just a country boy."¹³ His first chairman of the Council of Economic Advisers, Edwin Nourse, later commented that "he was figure-minded and he relied very strongly on Jim Webb, who was Director of the [Bureau of] the Budget. You see they had a set of figures which we developed into economic indicators and that was the one thing where Mr. Truman made his most effective contact with the work of the Council. He had a leather-bound, short version of economic indicators each quarter . . . and he said 'Yeah, I keep this here all the time, and when people come in and talk to me about this, I say 'Here are the figures' and I pull that out.' But he didn't say, 'Here's the reasoning about these matters the Council of Economic Advisers has given me.' That was beyond his intellectual ken."¹⁴

Following his own instincts toward politics and policy, Truman labored carefully on each budget, feeling that the budgeting of expenditure was

at the heart of good government. Truman would later write in his memoirs that "the federal budget was one of my more serious hobbies."¹⁵ His budgeting was successful. He became president in April 1945, and thus had little impact on fiscal year 1945 (July 1944–June 1945) budget. That year, the federal government's deficit was \$20.7 billion and the federal government's debt was \$258.7 billion.¹⁶ From July 1, 1946, until June 30, 1952, the federal government collected slightly more revenue than it spent,¹⁷ and by fiscal year 1950, immediately before the start of the Korean War, the federal government's debt had been reduced to \$256.1 billion. This constituted a decrease in ratio of federal debt to gross national product from 122.1 percent in fiscal year 1945 to 89.9 percent in fiscal year 1950. Per capita debt in this period fell from \$1,849 to \$1,688.¹⁸ By eliminating the deficits, the bulk of which consisted of military spending, Truman had allowed the peacetime economy to reduce the debt to more manageable levels.

Taxation played a role in cutting the debt. Truman often suggested increases to stay in the black. However, he had difficulties with Congress on this issue. In 1948, the Republican-majority Congress passed a tax reduction bill over Truman's veto, and in 1952, the Democratic-majority Congress failed to pass a Truman taxation plan to fund the Korean War on a "pay as you go" basis, as Truman referred to it.¹⁹ So spending cuts played a much more significant role.

The military was the obvious target to raid for funds. At the end of World War II, it absorbed 85.7 percent of the budget.²⁰ Combined with international programs, the military absorbed more than half of the budget in the late 1940s, and approximately half of the remainder was for fixed charges that could not be easily reduced, such as interest on the federal debt and the payment of pensions.²¹ Much of the rest was domestic spending of high value to critical constituencies. In particular, Truman was loath to trim the Fair Deal programs²² that were the most important source of the Democrats' popularity among their core voters: the urban poor, organized labor, ethnic groups, and blue-collar workers.

Truman had little compunction in cutting military spending, given his distrust of the American professional officer corps, especially in regard to money. His experiences in World War I convinced him that the officer ranks were composed of "ornamental and useless fops" who "can't see beyond the ends of their noses" and were incapable of getting value for money. "No military man knows anything at all about money. All they know how to do is spend it, and they don't give a damn whether they're getting their money's worth or not . . . I've known a good many who feel that the more money they spend, the more important they are."²³ In one World War I letter, Truman claimed that he wished he had a seat on the Senate Military Affairs Committee, so that he could set the brass straight. The president took offense at officers who continually complained about