

Notes on a radical interpretation of the Cold War

By Chris Wright

I've been reading Gabriel and Joyce Kolko's classic *The Limits of Power: The World and United States Foreign Policy, 1945–54* (1972). Being a brilliant materialist analysis that's utterly indispensable to an understanding of the postwar world, the book is out of print and hard to find anywhere. It's a massive tome, but I thought I'd quote here just a few necessary correctives to the bromides and platitudes of mainstream liberal scholarship. (Almost by definition, liberal historians are worse at their craft—more superficial and ideological—than radical historians, because the latter get to the *root* of the matter, as is suggested by the etymology of the very word 'radical.') The overall purpose of the book is to delineate how the U.S. tried to reconstruct the postwar world in ways favorable to capitalism and the country's own hegemonic, imperialistic power.

Quoting the authors (p. 6):

We have not written a book about the "Cold War," an egregious term that burdens one's comprehension of the postwar era with oversimplifications and evokes the wrong questions. At best, that unfortunate phrase describes United States–Soviet diplomacy in the narrowest context, as if that relationship subsumes most that is crucial in the history of our times. It gives us no framework within which to understand the fact that the postwar experience, the formal cold peace between Russian and the United States notwithstanding, has been one of conflict, war, repression, and ever-mounting violence. That process has occurred despite literal peace between Russia and the West essentially because the larger, more significant context for understanding postwar history is the entire globe and the revolution, the counterrevolution, and the great, often violent, interaction between the United States, its European allies, and the vast social and economic transformation in the Third World that is the defining fact of our world [in the early 1970s]. It is only in this context that Soviet-American relations should be placed, and it is here that the limits of the notion of the Cold War become most apparent. For that static concept conditions us not to probe further the real character of the forces of intervention and expansion—and therefore violence—in our times. It minimizes the nature and causes of mankind's fate today, leading us to believe that conflict and violence are accidental rather than inevitable consequences

of the objectives of American foreign policy and the imperatives it has imposed on movements of social transformation throughout the world.

To approach the history of the postwar world as if Soviet–American rivalry encompasses its major theme—a notion implicit in the term ‘Cold War’—is to leave most of the crucial dimensions of our epoch off to the side of any picture in a bewildering, disconnected profusion. Such a specialized focus leads to myopia, for the bulk of the crucial events of our time are interrelated, and one cannot truly understand anything without comprehending a great deal more than United States–Soviet diplomacy. This global context, and the goals motivating the conduct of American foreign policy, are the main subject of our book...

It’s a little sad that even today, students are taught the history of the late 1940s to the late 1980s through the lens of the “Cold War.” It’s certainly a convenient way to teach, since the rhetoric and ideology of “Communism vs. anti-Communism” was so common in these decades, to some degree providing a framework for politics and culture in most of the world. “The Russians are coming!” was a ubiquitous war-cry for conservative and liberal (not left) policymakers and intellectuals, used to justify a whole array of values and goals they held. And it did deeply influence society and culture, beating people into line, disciplining the labor movement and marginalizing dissenters. The Manichean worldview did incalculable damage to progressive hopes around the world, and was of incalculable benefit to reactionaries and neofascists. But rhetoric and ideology are, in the end, superficial and misleading. American goals and policies would have been substantially the same had there been no Soviet Union. The latter provided a very useful pretext to pursue policies that were in the interest of American capitalism, more particularly of the ruling class. After the Cold War, new rationalizations were immediately thought of to justify the same astronomical levels of defense spending and the same interventions around the world: the war on drugs, the war on terrorism, the clash of civilizations, spreading freedom and democracy, etc. It’s always the same old bag of ideological tricks, amounting to the same old refrain “Us vs. Them!” During the “Cold War,” the Them were the “Communists” (whatever that word is supposed to mean). But you can insert into the Them space whatever plausible enemy you want, whenever you want.

Whatever the official rhetoric, the fact is that it was the U.S. that was the massively expansionist power, not the Soviet Union or China. It was capitalism that was (and is) expansionist. Since capitalism, or imperialism, amounts to a whirlwind of repression, it provoked resistance everywhere. And it was convenient to call this resistance “Communism!” (Cue the hysterical shrieks.) “It’s the Russians! They’re behind it!” But the real conflict wasn’t between the Soviets and the U.S. The Soviet Union was a rather minor power compared to America, fearsome only within its narrow zone of Eastern Europe and Central Asia. The real conflict was between capitalist imperialism and the worldwide resistance it engendered. And that remains the real conflict to this day, as it was long before the “Cold War.”

For the conventional, superficial liberal interpretation, on the other hand, you can consult Odd Arne Westad’s celebrated book [*The Global Cold War: Third World Interventions and the Making of Our Times*](#) (2005). It’s a tour de force of historical misinterpretation, shallow idealism that has the heroic naïveté to take at face-value the rhetoric of every mediocre politician.

The Kolkos’ analysis of the famous Marshall Plan is a beautiful refutation of the liberal mythology, providing one case-study in a book that’s full of them. As they say, “Since 1947 the public, as well as subsequent scholars, has regarded the Marshall Plan as an expression of the unprecedented generosity of a powerful nation rebuilding its potential economic competitors from the ruins of war and spreading the bounty of American production to the ravaged people of Europe. Even otherwise critical historians have discussed the program in terms of enlightened self-interest and as an effort to forestall Communist penetration by raising the living standards of the masses in Europe and to reestablish normal trading patterns through which the entire world would realize prosperity and peace.” The usual liberal pabulum.

The book’s chapters on the Marshall Plan are far too lengthy and rich to be discussed or quoted in much depth here. But I have to give you a taste of them. The concern of U.S. policymakers was that European capitalism be reconstructed in a way that would benefit American interests. For one thing, without a major aid program, it was feared that American exports would plummet. But so, perhaps, would imports. As Averell Harriman told the Senate in 1947, for instance, “the decline of Europe would require far-reaching readjustments of agricultural and industrial production in this country and in other areas. It might well affect our ability to obtain needed imports and, particularly, essential raw materials...” From internal memos, papers, and policy statements, it seems that policymakers weren’t particularly worried about the spread of

Communism in Europe; they only invoked that theme in public statements and addresses to Congress in order to get a reluctant public and Congress behind a large program of aid. (“We have to stop Communism! It’s a crisis over there! We don’t have much time left!”) Nor did the Truman administration care about raising the living standards of the European masses. In fact, its political and economic agenda was almost consistently to *lower* living standards, or at least prevent their rise.

“America’s intention to shape Western Europe’s economic policies was the critical fact of the [Marshall Plan] from the beginning.” (The plan began to be implemented in mid-1948.) “Washington did not propose merely to fill Europe’s shopping list, and the initial thrust of United States policy was in manipulating European fiscal affairs.” But this manipulation was flawed from the start: the Economic Cooperation Administration, the American agency that administered the Marshall Plan, had contradictory goals. On the one hand it desired the industrial reconstruction and renewed prosperity of Europe, while on the other hand it wanted monetary conservatism and balanced budgets. The ECA continually pressured European governments to enact deflationary economic policies—which were incompatible with a return to full prosperity and full employment. So, in part because of this, the Marshall Plan ended up partially failing.

To a very real extent, the ECA went beyond the needs of the American economy for stable markets, and pressed orthodox [conservative] policies on governments... The first result was to strengthen those conservative political forces in Europe that desired a similar program. The ECA, in its general financial policy, introduced strict banker’s criteria of balanced budgets, stable currencies, high profits to entice investment, and low wages to discourage consumption. Public pronouncements aside, the American administrators believed that it was essential to keep internal mass living standards at a low level in order to have a surplus for export and to limit imports so as not to upset further the balance of payments. The European governments were now required to restrict their expenditure in social welfare and subsidies in order to balance the budget, and the American advisers always maintained that “excess egalitarianism” in taxation policy suppressed incentive... In Italy, Germany, France, and the Benelux, profits over the first year rose far out of proportion to any other index of reconstruction, and the contours of the old order gradually reemerged in their solid, traditional form...

In West Germany, for example, in mid-1948 there was a currency reform that limited the amount of money in circulation, hurting low-income groups and benefiting many businesses. Profits skyrocketed while real wages fell sharply and unemployment nearly doubled by December 1948. Tax reform and tightened credit further hurt workers and enriched the wealthy. Ultimately, “the economic outcome was not the reconstruction of German industrial power, but rather the full restoration of the propertied class” (p. 435). Meanwhile, Americans put former Nazis in control of German heavy industry (especially in the Ruhr) and made sure industries wouldn’t be nationalized, as some had been in Britain.

“The governments of Belgium and Italy introduced economic policies similar to those in Germany, with much the same results. The Italian government successfully reduced its balance of payments and budget deficits and renewed confidence in the value of the lira. The economy continued its deflationary trend...” In France, throughout 1947 and ’48 workers’ standard of living declined: the average wage barely covered essential food. Large strikes and revolts were crushed. “It was ultimately cheaper to crush a strike, split the unions, and repress the workers than to pay the price of a higher standard of living which the French government and the ECA saw as an unacceptable inflationary thrust that would shatter their plans for a balanced budget, trade surplus, high profit, and ‘reconstruction’ conforming to their capitalist model.”

By the way, readers familiar with neoliberalism will notice that the economic agenda of the ECA was pretty much the same as that of the IMF (with its structural adjustment programs that have done so much to decimate the Third World since the 1970s): downsizing welfare states, undermining unions, privatizing public property, tightening credit, encouraging exports, etc. Coincidence? I think not.

As for the materials that Europeans bought from U.S. suppliers through the Marshall Plan, in many cases they were simply compelled to buy whatever American policymakers and industries forced on them. (And this was after the initial European request for \$29 billion had been slashed to \$13 billion over a four-year period. So much for American generosity.) “During the first year the ECA cut certain food requests sharply and made their allocations on the basis of United States agricultural surpluses.” To limit future competition, Europe got only half the number of tractors it wanted. And less than half the number of freight cars (at least in the first 15 months). Congress insisted that at least 50 percent of aid had to be shipped in American boats. American firms sold

grossly overpriced oil to Europe. In fact, much of the Marshall Plan amounted to a needed subsidy to the U.S. oil and agriculture sectors.

It's worth noting, incidentally, that in a sense the Marshall Plan was just another example of the U.S. government subsidizing the exports of U.S. firms. Starting from after World War I, tens of billions of dollars had already, by the time of the Marshall Plan, been loaned and granted to Western Europe, nearly all of which had then returned to buy American goods. So it's misleading to call these sorts of aid programs "generous." They're generous to American businesses, and they're essential—and remain essential—to keeping the American economy humming. (So much for "free markets." These are government subsidies. Capitalism crucially relies on absolutely massive government subsidies of a thousand different types.)

Summing up one aspect of their discussion, the authors write, "for the working class of Europe the ERP [European Recovery Program] experience of capitalist reconstruction was an unequivocal calamity. This class was required to increase its effort in the production process, to abstain from asserting demands, and to reap a falling standard of living and unemployment. An appreciation of this fact as a crucial dimension of the ERP is essential to understanding the real meaning of the Marshall Plan."

In 1949 and 1950, unemployment in West Germany continued to rise, to the point that tens of thousands of skilled workers, scientists, and artists fled to the Soviet zone in 1949. Conservative policies continued to have the same depressive effects in Belgium, Italy, and France, even as Europe still suffered from a dollar shortage (which had been a key reason for the Marshall Plan, to reconstruct markets in Europe for American exports).

It didn't help that the U.S. was entering a severe recession in the last couple of years of the 1940s, which aggravated Europe's economic problems. The recession "mainly reflected the recurrence of the crisis of overproduction and maldistribution of income" in capitalist economies. The American market for European exports (which were needed to overcome Europe's dollar shortage) dried up, and businesses pressured the U.S. government to enact even higher tariffs than already existed. In a context of recession and acute pressure by powerful business lobbies, Congress was more and more reluctant to send funds to Europe. So in the end the Truman administration was compelled to once again invoke "national security" in an effort to save the Marshall Plan and, eventually, go beyond it.

The administration's many bruised encounters [with Congress] had shown that the only palatable rationale for Congress to continue to send funds abroad was a rearmament and an anti-Communist program... Indeed, the historian will search in vain to discover why the United States decided to press for North Atlantic Treaty Organization (NATO) and arms aid to Europe in mid-1949 unless he looks at these economic problems in conjunction with the congressional mood. The Soviet military dangers were far less critical than during the previous year. The Russians lifted the blockade on Berlin in May and had embarked on one of their most extensive peace campaigns. There was, in short, no overt military or security crisis in the spring and summer 1949 when the administration presented the NATO bill to Congress and asked for \$1 billion in military aid to Europe. But there was a serious crisis in the domestic economy. Such an approach, from the inception, made the United States military policy on the questions of NATO and European rearmament intimately linked to the policy of European recovery.

Actually, in 1949 not even Congress was naïve enough to take seriously the idea that “the Russians are coming!” Instead, the State Department emphasized to Congress and the public the need to assist Europe with its “internal military security.” “Internal order was a dominant concern because most of Western Europe’s conservative economic policies precluded welfare measures or a rise in the standard of living.” Popular resistance to capitalism was a constant threat, and European governments, it was claimed, needed larger armed forces to deal with the threat.

But the “defense” stimulus that Congress approved wasn’t enough. The American and Europe economies needed a further boost if they were to get out of their crisis, a crisis that seemed solvable only by a powerful external stimulus to capitalism (some such stimulus as World War II had been, though not necessarily on that colossal scale). Luckily, the Korean War came at just the right time and saved both Europe and the U.S., boosting defense spending enormously and thus raising aggregate demand.

As Kolko says (p. 476), the late 1940s “highlighted the dangers of peace to world capitalism, and the failure of strictly economic means, within the framework of capitalist alternatives, to keep the vast productive capacity of the United States and Western Europe from sinking into the mire of stagnation, if not depression. The artificial stimulus of rearmament needed as its rationale a crisis somewhere in the world if Washington was to resolve its new dilemma, one

that was the result of the Marshall Plan's failure to achieve its original goals through purely economic means."

On this subject, Noam Chomsky remarks in his brilliant *Understanding Power* (p. 39), "military spending was considered the only thing that could [rebuild the world market], it was seen as the engine that could drive economic growth after the wartime boom ended, and prevent the U.S. from slipping back into a depression. And it worked: military spending was a big stimulus to the U.S. economy, and it led to the rebuilding of Japanese industry, and the rebuilding of European industry—and in fact, it has continued to be our mode of industrial management right up to the present." That's pretty much why the famous [NSC 68](#) (National Security Council Memorandum 68, in 1950)—the major Cold War document—called for a vast increase in military spending.

This is why, to quote Kolko, "Russia's real threat was scarcely military, but [rather] its ability to communicate its desire for peace and thereby take the momentum out of Washington's policies." As usual with politics, appearance was practically the opposite of reality.

Kolko's analysis of why NATO was formed (in 1949) is of interest. It wasn't to deal with the Soviets: the U.S. was quite willing and able on its own to fight the Soviets if they invaded Europe, and in any case it was at that point inconceivable that they would invade. They were far too weak, for one thing. "NATO's formation was much more the outcome of Europe's desire to prevent a resurgent Germany from yet again disturbing the peace [for Germany was initially excluded from NATO], to which the United States added its desire to strengthen Western Europe's ability to cope with internal revolt as well as to sustain a psychological mood of anti-Soviet tension that the administration thought functional." Anyway, for many ruling classes around the world—but especially the American—the more military spending, the better. NATO was "functional" for this purpose.¹

A minor civil war, or a border war, between the two Koreas had already been going on before 1950. Both North and South repeatedly announced their intention to invade each other, and

¹ Later (p. 662), Kolko summarizes: "NATO and the Western European alliance...was, first of all, an integrative economic mechanism that offered practical solutions for the United States' immediate needs and future hopes, and then [in addition] operated on an ideological and political plane. Its military value [e.g., as providing bases] was still essential to the autonomous American and sea forces. It coped with the threat of internal upheaval, which in itself required incorporating more reactionary allies [such as Franco's Spain] who had still to confront local resistance, and it provided a framework for an integrated West Germany's future role in Europe."

it was a highly unstable situation. The dictatorship of Syngman Rhee was incredibly brutal, corrupt, and economically incompetent, and provoked large-scale resistance in the South (just as Diem's dictatorship in South Vietnam did later). Rhee was determined to reunite Korea. So the North struck first, in the summer of 1950. A few weeks later, the Indian ambassador to China floated a compromise plan according to which (among other provisions) the Security Council would mediate the dispute, but the U.S. rejected it (after China and Russia had accepted it). Doubtless Washington thought it was premature—they didn't want to let a good crisis go to waste.

General Douglas MacArthur, of course, was totally reckless, hoping to use the crisis to liberate Asia from Communism, even at the risk of a world war. He had to fulfill his destiny, you see. (Napoleon's vanity and grandiosity were, arguably, no match for MacArthur's.) But Washington was reckless too, embracing his vision of reuniting Korea rather than just ejecting the North. By September 1950,

Truman had authorized a major increase in United States troops in Europe, and urged NATO members to follow suit. Administration members over these same weeks sustained demands for continued high levels of military spending...and pressed to consolidate the immense strengthening of American global military and economic power that had begun the prior June [when North Korea invaded the South]. A quick end to the war in Korea at the 38th parallel, which the administration could reasonably anticipate by virtue of the massive offensive then being planned, might immobilize all its economic and military efforts... Truman and Acheson saw Korea as a handle with which to control world affairs essentially outside Asia [in Europe], while MacArthur still hoped to use the crisis to deepen America's commitment to fulfill its destiny in Asia...

Washington knew China was prepared to enter the war after the U.S. troops crossed the 38th parallel, but it went ahead with its plan anyway. What's a little world war, after all? But the fact is that Washington's position was ambiguous, or at least not as totally determined as MacArthur's. Truman and his advisors didn't want peace, but they didn't want a larger war with China. The stronger force, MacArthur, thus carried the day for a while, which got the Chinese involved (and appalled European allies, who seem to have considered the general a near-lunatic). Sometime in November or December MacArthur proposed dropping thirty to fifty atomic bombs

in Manchuria, while Truman meanwhile said at a press conference that “there has always been active consideration of [the bomb’s] use,” thereby provoking something of a diplomatic crisis. By early 1951 the Chinese had pushed MacArthur back past the 38th parallel, and then began a stalemate that lasted over two years.

The story is pretty well-known. Truman soon fired MacArthur for his outrageous public statements; the U.S. pushed the battle lines a bit north of the 38th parallel again; armistice talks began in 1951, with the Communists wanting a return to the parallel and the Americans wanting a cease-fire along the existing battle lines; the Americans inflicted massive destruction on North Korea with their air and naval power (in fact, all of Korea, but especially the North, was virtually destroyed); talks got bogged down in details about the repatriation of prisoners of war (the American position violated the 1949 Geneva Convention); in 1953, America even committed the genocidal, Nazi-esque war crime of bombing irrigation dams that provided the water supply for the North’s rice production.

In the meantime, rearmament and increased U.S. demand actually weren’t unequivocally good for Europe. They did pull Europe out of its recession, but enormous U.S. demand for strategic raw materials caused some European states to face raw material shortages (prices for these materials had shot up) and an aggravated dollar deficit. Britain, for example, suffered from inflationary pressures and growing unemployment (because factories, unable to afford newly expensive raw materials, were closing). Also, Britain’s shift toward rearmament—“as a predictable source of dollars and a stable demand that might keep the economy on an even keel”—caused it to lose export markets. “The industries that the English most relied on for export were those that were diverted to arms.” This had a permanent, damaging effect on its future trade.

But West Germany and Japan—not having to rearm—benefited, moving into England’s markets. Their economies, oriented towards export, grew rapidly, even though, at least in Germany, unemployment remained high and the income distribution worsened. Business continued to benefit far more than workers. But I recall that Robert Brenner, in his magisterial [*The Economics of Global Turbulence*](#), attributed Germany’s and Japan’s long-term economic growth to this very fact (at least in part): high profits and low wages permitted heightened investment, given the large size of export markets (which themselves had much to do with U.S. military spending). Kolko likes to criticize the Marshall Plan and the conservative European policies it partially engendered—which continued with the shift to rearmament in the early 1950s—for

failing to raise the masses' standard of living, but from Brenner's point of view this fact was rather constructive. It tended to ensure high profits and thus long-term economic growth (notwithstanding recessions in the short term).

Kolko himself acknowledges this (p. 640):

Measured against its initial goals, the Marshall Plan was both a success and a failure. Probably its most important accomplishment was its aid to the firm consolidation of the conservative class in its control of Western Europe, guaranteeing the continuation of a capitalism Washington hoped would become even more receptive to American capitalism...

Washington had successfully guided Western Europe's economic policies to enhance profits and investments and prodded the region's government's to pursue orthodox economic policies. The United States also attained its ends in the absolutely vital function of subsidizing its exports and securing significant concessions in Europe and its colonies for American industries, many of which would have suffered critically without the ERP [the Marshall Plan]. No less important was Washington's reintegration of West Germany under conservative leadership into Western Europe...

On the other hand, he says, Washington was unable "to impose its almost mystical ideal system of free, nondiscriminatory, multilateral trade upon the world." In addition, to repeat, conservative policies led to unemployment, inflation, and recessions, with the mass suffering that entailed. "Finally, having achieved the conservative goal of a strong currency and balanced budget, Western European economies began to stagnate and head straight toward depression, only to be revived temporarily by the Korean War and arms production before again confronting renewed crises."

These notes are getting lengthy, but I have to quote Kolko's conclusion to one of his final chapters. First, I should just say: given Washington frenzied rhetoric about the rampant militarism of the Soviet Union, the evil plans it had for the whole world, there aren't sufficient words to characterize the irony of the real world. For the Soviets were in fact desperate for peace and continually returned to that theme in different contexts. In the early 1950s, to prevent West Germany's eventual inclusion in NATO, they even proposed on several occasions that Germany be reunited under free elections, etc.—proposals the U.S. rejected, since they weren't in American

interests. So, while the Soviets were periodically pleading for peace and supporting the world peace movement, it was the U.S. that was heightening and hastening the arms race, for its own economic and geopolitical purposes.

Truman, in his last message to Congress in January 1953, reflected the premises of his postwar foreign policy and summed up its myths, leaving to Eisenhower some crucial advice on his basic course. Paranoid images of Communist chieftains building a vast war potential in their campaign, drugging masses of deluded followers throughout the world to insurrection, sabotage, and aggression, of cynical Communist identification with the forces of nationalism and economic change throughout the world merely "...to enslave more millions of human souls"—all this Truman conjured for future politicians to confront. There could be no respite, no peace; and in his final words the departing President reflected the essence of America's postwar policy and the rationalization under which its more enduring objectives had long since been buried. "Were we to grow discouraged now, were we to weaken and slack off, the whole structure we have built, these eight years, would come apart and fall away. Never then, no matter by what stringent means, could our free world regain the ground, the sheer momentum, lost by such a move." The crisis of mankind, the tension and pain by which history had been tormented for so long, could not cease.

And yet, as Kolko writes later, "after 1950, with the increasing equalization of the military balance [between the U.S. and the U.S.S.R.], and with the eventual success of the Soviet peace offensive in convincing a few Western leaders that diplomacy has a place, after all, in the scheme of things, the alliance based on fear and terror was challenged at its very core. For practical purposes, the continuing, gradual erosion of Washington's tenuous mastery over its bloc was to become a defining trend of postwar history."

Anyway, I've skipped over a lot of profound analysis, but I'll end the summarizing here. The book is practically a work of genius, and therefore totally ignored by the intellectual community. But I recommend you seek it out and read it if you want to understand the last 75 years of American history, and world history.