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Grant Madsen. *Sovereign Soldiers: How the U.S. Military Transformed the Global Economy After World War II.* Philadelphia: University of Pennsylvania Press, 2018. ISBN: 9780812250367 (cloth, \$45.00/£36.00).

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INTRODUCTION BY WILLIAM I. HITCHCOCK, UNIVERSITY OF VIRGINIA

Grant Madsen, in *Sovereign Soldiers: How the U.S. Military Transformed the Global Economy after World War II*, promises the reader an explanation of three interlocking problems: why U.S. military occupation governments deployed economic development as a tool of political and social stabilization; how those occupation governments, through experience, generated a set of principles about the value of balanced budgets, restrained public spending, low inflation, and free trade as the keys to economic stability; and how those “anti-Keynesian” (5) principles were transplanted from their overseas forcing beds into the fertile soil of U.S. economic policy in the 1950s. We are offered, then, a view of the military as an incubator of economic policy, delivered in the form of a group-biographical study of military and occupation-government officials who believed that the policies of stabilization that had worked overseas could work at home. In the Eisenhower presidency (1953-1961), Madsen claims, these ideas were wound together by a coterie of seasoned officials who had served in occupation governments and were now in a position to implement their theories in the United States. In this way, ideas that emerged from military occupation overseas decisively shaped the home front.

Madsen aims to knit together a number of historical developments that are often treated separately. There is, after all, a significant literature on the U.S. military occupation of the Philippines, as well as postwar Germany and Japan. Scholars have devoted considerable attention to the evolution of the U.S. economy in the two decades after World War II, and to the dramatic economic growth the country experienced. Studies of the intellectual thinking behind Keynesian policies also are numerous. And we have untold books devoted to individual figures like Gen. Dwight Eisenhower and Douglas MacArthur.¹ Madsen, however, has made a bold attempt to connect these lines of inquiry into an overall interpretation of the evolution of the U.S. and global economy from the early 1940s to the late 1960s. Although our reviewers applaud his wide-ranging research and especially his lucid and lively writing, they nonetheless offer significant criticism both of what is in the book and what is left out.

Dayna Barnes, in comments that are echoed by other reviewers, doubts the methodological value of a biographical approach in studying global processes as large and as complex as the postwar transformation of the global economy. Madsen tends to overstate the importance, she writes, of heroic actors like President Dwight Eisenhower, General Douglas MacArthur, and General Lucius D. Clay. More pointedly, she concludes that Madsen’s emphasis on individual decision-makers may have overlooked the broader social and political context of occupation. For Barnes, the legacy of America’s experience as a colonizer in the Philippines, its imperial style of behavior in the Pacific, and America’s orientalist racial discourse, all needed greater emphasis in the book.

¹ On occupations, Paul A. Kramer, *The Blood of Government: Race, Empire, the United States and the Philippines* (Chapel Hill: University of North Carolina Press, 2006); Julian Go and Anne L. Foster, eds., *The American Colonial State in the Philippines: Global Perspectives* (Durham: Duke University Press, 2003); John Gimbel, *The American Occupation of Germany: Politics and the Military, 1945-1949* (Stanford: Stanford University Press, 1968); Carolyn Eisenberg, *Drawing the Line: The American Decision to Divide Germany, 1944-1949* (Cambridge: Cambridge University Press, 1996); Michael Schaller, *The American Occupation of Japan: The Origins of the Cold War in Asia* (New York: Oxford University Press, 1985); John Dower, *Embracing Defeat: Japan in the Wake of World War II* (New York: W.W. Norton, 1999). On postwar economic policies, Charles Maier, *In Search of Stability: Explorations in Historical Political Economy* (Cambridge: Cambridge University Press, 1987); Benn Steil, *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order* (Princeton: Princeton University Press, 2013); Kim Phillips-Fein and Julian Zelizer, eds., *What’s Good for Business: Business and American Politics since World War II* (New York: Oxford University Press, 2012); Andrew J. Dunar, *America in the Fifties* (Syracuse: Syracuse University Press, 2006); Iwan W. Morgan, *Eisenhower versus “The Spenders”* (New York: St. Martin’s Press, 1990); John W. Sloan, *Eisenhower and the Management of Prosperity* (Lawrence: University Press of Press, 1991); Robert M. Collins, *More: The Politics of Economic Growth in Postwar America* (New York: Oxford University Press, 2002). On Eisenhower and MacArthur, William I. Hitchcock, *The Age of Eisenhower: America and the World in the 1950s* (New York: Simon and Schuster, 2018); D. Clayton James, *The Years of MacArthur, 1880-1941* (Boston: Houghton Mifflin, 1970); Arthur Herman, *Douglas MacArthur, American Warrior* (New York: Random House, 2016).

Stephen A. Bourque evaluates the contribution of the book to U.S. military history and here finds it wanting. Bourque believes that the book makes too much of individual leaders while overlooking the long institutional history of the military in governing civilian areas, including inside the United States. Much of this work, he writes, focused on civil engineering or on maintaining law and order. The development of ideas about economic governance emerged piecemeal, over time and often through improvisation. Such principles, he argues, were embedded in training manuals and schools of military government and then tried out in the field. Before such ideas could be implemented, Bourque argues, they were honed by extensive staff work, none of which is discussed by Madsen. By limiting his analysis to Eisenhower, Marshall, and Clay, Madsen misses out the institutional military history, and especially the civil-military history, of the occupations he examines.

Ronald Cox adds a number of points to these criticisms. He asserts that Madsen is biased against Keynesian economic policies, and tends to lionize his subjects, especially Eisenhower, for championing austerity and balanced budgets both overseas and at home during his presidency. But Madsen misses the role of conservative business elites who also wished to implement many of these same policies, and who were motivated by an ideological agenda of halting a radical restructuring of the postwar global economy in favor of workers' rights. Cox also believes that Madsen too easily dismisses the way that the prewar colonial experience, especially in the surveillance and policing practices in the Philippines, shaped later U.S. military governments. Cox suggests that the book needed to evaluate more critically the linkages between the colonial era, military occupation, economic restructuring, and corporate elites.

Mark Wilson is generous in his praise for Madsen's felicitous narrative style and his intellectual ambition. However, Wilson asserts that Madsen has done too little to embed his arguments within the existing scholarly literature on topics such as empire, economic theory, and the institutional history of the state, thereby missing an opportunity to establish the originality of his own findings. In particular, he notes that the assertion that the U.S. military occupation regime formed an 'external state' is insufficiently supported. Wilson feels that the book is "old-fashioned and narrow" in its treatment of the occupations of Germany and Japan, resting too much on a biographical treatment of a handful of policy-makers while overlooking the broader context of occupation, and under-emphasizing the significance of business elites. And Wilson finds the claim of a sharp theoretical divide between the Truman and Eisenhower administrations on Keynesianism to have been overdrawn.

These criticisms, though substantial, are embedded in a serious and respectful debate about how scholars should best understand changes in the postwar global economy. Grant Madsen has written an ambitious and innovative book, one that features some classic historical debates: what matters more in history, individuals or structures? What impact do war and the military have upon domestic policy? Can armies learn, and become generators of new ideas? What is the proper role of government in the functioning of the national and global economy? These are high-stakes questions and Madsen can be congratulated for taking a courageous run at them.

Participants:

Grant Madsen is a historian of US Intellectual, Political and Economic History as well as America in the World. His research focuses specifically on American political institutions both inside and outside the territorial United States. He teaches at Brigham Young University.

William I. Hitchcock teaches history at the University of Virginia and directs the GAGE (Governing America in a Global Era) program. His most recent book is *The Age of Eisenhower: America and the World in the 1950s* (New York, 2018), and he is now writing on American responses to the rise of Fascism in the 1930s.

Dayna Barnes is an assistant professor in modern history at City, University of London. She specializes in twentieth-century international history and the connection between ideas and security in the Asia Pacific. Her first book, *Architects of Occupation: American Experts and Planning for Postwar Japan*, was published in 2017 by Cornell University Press.

Stephen Bourque left the U.S. Army in 1992 after twenty years enlisted and commissioned service. After receiving his Ph.D. at Georgia State University, he taught European, American and military history at several colleges and universities including Kennesaw State University, California State University-Northridge, the Naval War College, the University of Kansas, and the Command and General Staff College. He currently teaches with the Norwich University Military History Master's Degree program and is Professor Emeritus of Military History at the School of Advanced Military Studies, Fort Leavenworth, Kansas. He is the author of *Jayhawk! The VII Corps in the 1991 Persian Gulf War* (2002), *The Road to Safwan* (2007), *Soldiers' Lives: The Post-Cold War Era* (2008), and *Beyond the Beach, the Allied War Against France* (2018), also available in French as: *Au-delà des plages. La guerre des Alliés contre la France*. Currently, he is writing a book on the tragedy of combat in the Hürtgen Forest.

Ronald W. Cox is Professor of Politics and International Relations at Florida International University in Miami, where he teaches American Foreign Policy and International Political Economy. He has written or edited six books, which include *Corporate Power, Class Conflict and the Crisis of the New Globalization*, Lexington Books, 2019; *Corporate Power and Globalization in U.S. Foreign Policy* (ed.), Routledge Press, 2012; and *US Politics and the Global Economy*, co-authored with Dan Skidmore-Hess, Lynne Rienner Press, 1999. In 2013, Professor Cox became the editor-in-chief of an open access journal that he founded, titled *Class, Race and Corporate Power*.

Mark R. Wilson is a professor of history at the University of North Carolina at Charlotte. He completed his Ph.D. in 2002, at the University of Chicago. He is the author of the books *The Business of Civil War: Military Mobilization and the State, 1861-1865* (Baltimore: Johns Hopkins University Press, 2006), and *Destructive Creation: American Business and the Winning of World War II* (Philadelphia: University of Pennsylvania Press, 2016). He is currently working on a history of the development of the U.S. military-industrial complex since 1950.

REVIEW BY DAYNA BARNES, CITY, UNIVERSITY OF LONDON

In the first half of the twentieth century, American military leaders used their powerful positions to reshape defeated enemy countries and the United States itself. This is the central argument of Grant Madsen's recent book, *Sovereign Soldiers: How the U.S. Military Transformed the Global Economy After World War II*. At its heart, this engaging book is a triple biography, covering the careers of three well-known military men; General Lucius Clay, General-turned-President Dwight D. Eisenhower, and General Douglas MacArthur. As with the best biographies, Madsen's account illuminates the broad span of history that unfolded during the lifetimes of his subjects. The period between the turn of the century and Eisenhower's exit from public service in 1961 saw radical alterations to American power, economic thinking, and the global order. *Sovereign Soldiers* offers readers a human scale against which to understand those profound changes.

The first chapters cover the early twentieth century as these men began their military service, and from there the Great War and interwar period. MacArthur, Eisenhower, and Clay's perspectives on the world were shaped in those decades by their military educations, disillusionment following the flawed peace in 1919, and for MacArthur and Eisenhower, service in the Philippines, which was then a part of the American empire. The bulk of the book considers the military occupation of post-surrender Germany and Japan, when generals suddenly found themselves governing their former enemies after the Second World War. The remaining chapters examine the Eisenhower administration and make the case that Eisenhower brought back the lessons he learned while leading a military occupation abroad to shape domestic policy as president. Contemporary economic debates, focusing on Keynesianism and responses to inflation, stagnation, and reliance on international trade, are interwoven throughout the book.

Sovereign Soldiers benefits from the strengths of a biographical approach, but is also marked by a limitation of the genre. Because this lens only captures the moments when the subject is in the frame, focusing on specific individuals overstates their importance in the making of history. MacArthur, Eisenhower, and Clay are the heroes of this narrative. Focusing on the agency of military figures at times creates the impression that U.S. policy was led by the decisions of military officials in the moment rather than being a broad definition of national interest shaped by a range of stakeholders. Madsen argues that General Clay was the decider in Germany. Quoting famed journalist Walter Lippmann, Madsen states that Clay effectively wrested control of American policy in Germany from Washington, "because there has been no one in Washington...who knew enough about Germany to argue with General Clay." Taking the initiative, he "formed" and "managed" American policy in Germany (122). MacArthur in Japan, however, is characterized as a man who was working within the context of an established policy framework and the constraints of realities on the ground, as well as the differing visions of powerful figures in Washington and Tokyo. As Supreme Commander of the Allied Powers, MacArthur "did his best to follow the written policy he received," Madsen writes, even as the general encouraged the narrative that he himself "made the occupation rules on his own authority" (127). This analysis is strengthened as the spotlight shifts to two bankers involved in economic policy for the occupations, Joseph Dodge and William Henry Draper Jr., and the book shines when it incorporates Washington experts and especially local actors.

Economic policy is a major theme across *Sovereign Soldiers*. This is a novel approach to military-focused occupation history, and is a welcome contribution to the field. As a diplomatic historian with no specialist knowledge of economics, I appreciated the clear and accessible way in which Madsen explains the ideological debates he traces across policy planning. He argues that the anti-inflation ideas of military leaders account for much of the success of the occupation. By privileging "price stability over stimulus," Madsen writes, generals "saw extraordinary success in setting Japan and Germany on pathways to economic recovery and democratic consolidation. They helped to build a durable Western alliance built upon overlapping security, political, and economic ties" (257). Madsen argues that growth and stability were due to American generals and banker-advisors who taught the Germans and Japanese fiscal responsibility and balanced budgeting. But both countries were already established major economic powers before they were occupied, with experienced economists and businessmen of their own. Chalmers Johnson built a compelling case that the continuity between pre- and post-war

economic structures and policies was responsible for the “miracle” of Japanese economic growth.² That rapid growth was also supported by American patronage in the context of the Cold War.³ I was left wondering how Madsen’s argument fits into the existing literature on the “economic miracle.”

Recent scholarship has been more critical of the aims and legacies of these postwar occupations than is Madsen’s book. His account takes a generally benevolent view of the use of the military to expand American influence. He argues that the occupiers were primarily focused on humanitarian efforts like feeding populations to prevent future crises, and does not engage with the legacy of colonialism, religious bias, or racism, all of which were significant in the occupation of Japan. As scholars Takeshi Matsuda and Lisa Yoneyama point out, the occupation authority supported a particular type of order based on American interests, to the detriment of some groups in Japan and the region. Matsuda argues that the occupation and subsequent cultural exchanges created a sense of permanent dependency.⁴ Yoneyama observes that the Americans replaced the rhetoric and structure of the Japanese empire and state with a not-dissimilar American construction.⁵ Conservative power continued through the retention of bureaucrats and *zaibatsu* (business conglomerates).

In the 1930s America and Japan were both empires, and the occupation of Japan was certainly influenced by American experience as a colonizer in the Pacific.⁶ As Madsen chronicles, Eisenhower and MacArthur both served in the Philippines. He writes, “the occupation of Japan looked much more like the provisional government of the Philippines than the quadripartite control of Germany” (130). Madsen is referring to the fact that the occupation authority governed through an intact Japanese state, but other connections to the occupier’s recent experience with imperial governance in Asia would have made a useful addition to this book.

Race and religion are also rarely considered in *Sovereign Soldiers*. Madsen does not explore the question of racial bias beyond including an orientalist quote from Dodge stating that “oriental politics is a devious business” (154). MacArthur’s father had governed the Philippines, and that legacy, combined and his own experiences as an advisor there, made racialised impressions on MacArthur, whose speeches reveal a sense of paternalism and infantilization toward Filipinos and Japanese. He famously said of the Japanese that “measured by the standards of modern civilization, they would be like a boy of twelve.” As Ian Buruma has written, this quote “suggests an objectionable racial, or at least cultural, bias.”⁷

Religious views were also an important factor in understanding the aims of occupying Americans. Madsen twice includes quotes that point to the link between religion, politics, economics, and a stable society in the minds of American officials. The Committee on Problems of Peace and Reconstruction was set up in the late 1930s to assess where the efforts to rebuild a stable order in the wake of the Great War had gone wrong. Such post-war planning work would underpin later military

² Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press, 1982).

³ Aaron Forsberg, *America and the Japanese Miracle: The Cold War Context of Japan’s Postwar Economic Revival, 1950-1960* (Chapel Hill: University of North Carolina Press, 2000).

⁴ Takeshi Matsuda, *Soft Power and Its Perils: U.S. Cultural Policy in Early Postwar Japan and Permanent Dependency* (Stanford: Stanford University Press, 2007).

⁵ Lisa Yoneyama, *Cold War Ruins: Transpacific Critique of American Justice and Japanese War Crimes* (Durham: Duke University Press, 2016).

⁶ Dayna Barnes, *Architects of Occupation: American Experts and Planning for Postwar Japan*, (Ithaca: Cornell University Press, 2017), 2.

⁷ Ian Buruma, “MacArthur’s Children,” *The New York Review of Books*, 21 October 1999.

occupations. Trying to learn the lessons of the past, the group reported that beyond political reconstruction, a “program of constructive economic and social action” was needed to prevent the collapse of “Christianity and democracy” (63). Faith has long been recognized as an important element in shaping how MacArthur viewed his mission in Japan.⁸ Madsen notes that MacArthur described democracy as “a spiritual commodity,” but does not examine this issue further (137). Religion has had a significant role in American foreign policy, and that is certainly true in this case.⁹

Sovereign Soldiers is an impressively researched work, drawing on primary sources and a diverse range of secondary literature. The lack of a bibliography will be a minor annoyance for scholars, as the book includes only an index and end notes. It is a military history, a triple biography, and unusually, an intellectual history of economic policymaking. *Sovereign Soldiers* will be of interest to students and scholars of global and military history, and of policymaking. Because it centers on three beloved military figures, this book also holds appeal for a generalist audience. Readers will find a compelling, nuanced, and thoughtful analysis which reveals the great changes of the ‘American century’ and the lives of men who both shaped and were shaped by their times.

⁸ Lawrence S. Wittner, “MacArthur and the Missionaries: God and Man in Occupied Japan,” *Pacific Historical Review* 40:1 (February 1971).

⁹ Andrew Preston, *Sword of the Spirit, Shield of Faith: Religion in American War and Diplomacy*, (Alfred A. Knopf, 2012).

REVIEW BY STEPHEN A. BOURQUE SCHOOL OF ADVANCED MILITARY STUDIES

Arriving in Germany as a young man in 1969, I had an opportunity to see the results of what appeared to be a compassionate and well-thought-out post-war reconstruction program. While rubble still existed in some parts of the larger cities, most of the destroyed buildings had been cleared away, replaced by newer structures housing the rapidly growing West German economy. Most homes were new or repaired. The government had fixed most streets, cleared the towns of unexploded bombs, and planted trees, most still quite young, along roads and parks. By the time of my arrival, defeated Nazi Germany was well on the way to transforming into the powerhouse democracy it is today. In spite of living in Germany for over seven years, and returning many times since, my understanding of the state's redevelopment between the end of the war and the implementation of the Marshall Plan three years later was always a little sketchy. That is why I embraced the opportunity to review a book whose subtitle promises: "*How the US Military Transformed the Global Economy after World War II.*" The endorsements on the back of the book also indicate that this was about Army leaders, especially Generals Dwight D. Eisenhower, Lucius Clay, who led post-war Germany, and Douglas MacArthur, who directed the occupation of post-war Japan.

Having little background in economic theory or history, I enjoyed Madsen's discussion of the various trends and disputes taking place within both the Roosevelt and Truman administrations. From my limited perspective he does an excellent job of explaining the influence of economist John Maynard Keynes in the post-war era, the successful efforts to disrupt Secretary of the Treasury Henry Morgenthau's post-war Germany agenda, and the effect of American banker and financial advisor Joseph M. Dodge's influence on the reconstruction of Germany and Japan. While these, and others, are personalities I encountered in many years of reading and teaching, Madsen provided me with sound context and insights into previous perspectives. For this reader, he succeeded in delivering an "intellectual history of the political economy that the military government created during the occupation of Germany and Japan."⁽³⁾ However, because of my background as a soldier and scholar in the world of military and diplomatic history, I found much of his discussion of the military aspects of this story somewhat lacking and unfocused. The following comments concern Madsen's analysis of earlier experiences in military government, training, comparable experience, doctrine, and organization.

The U.S. Departments of War and the Navy had experience independently supervising occupied territory long before the Second World War. We should remember that the term 'military government' requires some clarification, since these executive departments seldom, at least until 1940, operated with any coherence and cooperation. For example, the U.S. Marines, part of the Navy, spent much of the first half of the twentieth-century managing and restoring governments in the Caribbean and Central America. Its *Small Wars Manual* (1940) remains one of the most insightful documents ever published concerning insurgencies and rebuilding governments.¹⁰ In Madsen's account, military government essentially means Army government, and its officers have a long history in administering territory beyond the reach of Washington's inefficient direction. These fiefdoms, which included such diverse environments as Mexico City in 1848, the defeated Confederate States in the late 1860s, and dispersed American Indian posts in the last half of the nineteenth century, are all characterized by commissioned officers acting independently to do the Federal Government's will, as they interpreted it. In almost all cases these occupations fit Madsen's explanation of being "external states" (8). At the heart of every officer's mission was the simple goal of enforcing law and order until a civilian government could emerge to replace it. Because no other agency had the organization, equipment, and expertise to administer these far-flung regions, the Army often remained in place much longer than its warrior commanders desired. Indeed, as Madsen's first chapter points out, the scale and scope of the Army's involvement in these kinds of missions increased in the twentieth century, but they were not something new

¹⁰ United States Marines, *Small Wars Manual* (Washington, D.C.: Government Printing Office, 1940), especially Chapters 12-14.

or out of the ordinary during a typical field officer's career.¹¹ For example, we should not forget that General John J. Pershing, George C. Marshall and Eisenhower's mentor, had learned about occupations from veterans of the Reconstruction Era. Pershing was a veteran of such operations in the American southwest, the Philippines, and post-World War I Germany. The experience and understanding of these 'operations other than war,' to use a contemporary description, was a regular part of a professional Army officer's career.

A second issue concerns the education and training of Army officers. The book mischaracterizes the nature of the U.S. Military Academy and its role in pre-World War II American society. Madsen uses Jörg Muth's *Command Culture* as a reference, which is unfortunate, since it is written from a European perspective and is extremely controversial within military academic circles. The Academy's first class reported during the Jefferson Administration in 1802, not 1817 when Sylvanus Thayer arrived to improve its standards and curriculum. It was a school of engineering and socialization, and not of tactics and command. Unlike continental Europe, the Navy, and not the Army, was America's primary means of national defense until the Second World War. Therefore, in contrast to Madsen's negative characterization, the school did its job by producing a solid corps of civil engineers who served the United States extremely well in taming its rivers and harbors, constructing harbor defenses, and directing its relatively small units in combat. Graduates of this institution almost all learned a foreign language and their reading, mechanics drawing, and mathematical proficiency upon graduation would shame a modern university graduate. While it is possible that most plebes did not wish to remain in the small professional American Army, most looked forward to long careers in their state militias and National Guard units that formed the heart of the national military experience. Unlike the opportunities in the armies of the pre-World War I European powers, opportunities for advancement in the American professional army were minimal, so it was normal, again unlike in European armies, not to plan for a long career. However, the combined effects of a West Point education and short-term service made these officers extremely valuable to the civilian economy.

In addition, the related developmental experiences of these future commanders were also far more diverse than Madsen indicates. The best study of the American armed forces remains Allan R. Millett, Peter Maslowski, and William B. Feis's *For the Common Defense: A Military History of the United States from 1607-2012*, which is not mentioned in Madsen's description of the Army, its staff, and education system between the Spanish American and Second World Wars.¹³ Indeed, from this reviewer's perch, it is difficult to compare MacArthur with Eisenhower or Clay. The son of a prominent and well-connected general, by 1937 MacArthur had already concluded a distinguished military career that included tactical combat leadership during the Veracruz Expedition and in France in World War I. He is the only soldier of the protagonists discussed in this book who excelled in combat. Other than a junior course on engineering, MacArthur bypassed the entire Army school system. As the son of a well-connected general and a protégée of former Army chief of staff Major General Leonard Wood, he routinely received choice assignments and early promotion. He did not care much for modern management techniques or the value of the bureaucratic process. MacArthur was, in Brian Linn's classic definition of American officers, a "hero" who believed that war, and everything else, could be defined by personality, courage, and morality.¹⁴ He routinely ignored practiced military doctrine, and, with few exceptions, his staff officers loyally remained

¹¹ Edward M. Coffman, *The Old Army: A Portrait of the American Army in Peacetime, 1784-1898* (New York: Oxford University Press, 1986), gives a good picture of this period.

¹² Jörg Muth, *Command Culture: Officer Education in the U.S. Army and the German Armed Forces, 1901-1940, and the Consequences for World War II* (Denton: University of North Texas Press, 2011).

¹³ Allan R. Millett, Peter Maslowski, and William B. Feis, *For the Common Defense: A Military History of the United States from 1607-2012*, Revised and Expanded ed. (New York: The Free Press, 2012).

¹⁴ Brian McAllister Linn, *The Echo of Battle: The Army's Way of War* (Cambridge: Harvard University Press, 2007).

with him from the Bataan escape in 1942 until his departure from Korea almost ten years later. It is little wonder that he had trouble with the post-war Japanese economy.

In contrast, Eisenhower was a career officer, without pedigree, who worked his way into the system by serving as a staff officer for influential mentors including John J. Pershing and his aide, George C. Marshall. Both were opponents of the Wood-MacArthur clique, and this understated clash of factions affected the Army until the end of the Second World War. In 1922 Eisenhower served as an assistant to General Fox Conner, Pershing's former G-3, operation's officer, and wise to the world of military operations and bureaucracy. An incredibly bright and avid student of military art, Eisenhower was first in his class at Fort Leavenworth's Command and General Staff School and attended the Army War College, all of which were designed to develop better staff officers. By 1927 he was revising the landmark *American Armies and Battlefields in Europe* that gave him both a detailed understanding of the nature of post-war Europe and a personal connection with both Pershing and Marshall. His four years of serving under MacArthur in the Philippines, again as a staff officer, was a challenging precursor to working with difficult politicians, such as President Franklin D. Roosevelt and British Prime Minister Winston Churchill. From 1940 on he worked directly for Marshall as a planner and, later, a commander. In Linn's definition, Eisenhower was the classic 'manager,' who focused on material and political contexts of warfare, organization, mass mobilization, and technological superiority. Unlike MacArthur, his staff generally remained with him only for the specific campaign, with Walter Bedel Smith being the best-known exception. To Eisenhower, results mattered.¹⁵

Producing results is part of the reason that Lucius Clay became his deputy. Political connections got Clay his appointment to West Point and, after graduation, used these credentials to become one of the most sought after Army civil engineers. He was a member of the class of 1919 who graduated a year early to participate in what everyone expected was a major American offensive that following spring, and therefore only spent three years on campus. He developed into a dependable problem solver, supervising major civilian projects during peacetime and building airfields during the military expansion and, in Europe, working for Eisenhower in resolving supply problems. Had the war continued much longer, he probably would have replaced General John C.H. Lee as Supreme Commander Allied Expeditionary Force's (SHAEF) chief of logistics. As a politically connected staff officer, who got things done, he was a natural candidate to release Eisenhower from the details of putting Germany back together. Like many officers of his year group, he missed assignment to the military's comprehensive service school program because of the war and operated on his abilities as an engineer and working with the civilian community. Therefore, it is difficult, in my view, to evaluate these three different pre-1945 careers and relate them to the military governments they supervised. They, and hundreds like them, were products of their education, experience, and personal connections. Other officers could have replaced each in the professional queue with no loss of effectiveness. How they operated as sovereigns depended more, in this reviewer's opinion, on the military doctrine developed to guide staffs and military government organizations.

Madsen does not address the lineage of military government before the Army arrived in Germany and Japan. As presented in an essential collection of documents by Harry L. Coles and Albert K. Weinberg, operating military governments was a necessary, if controversial, component of the U.S. Army's war effort.¹⁶ It was not an unanticipated responsibility for field commanders. How each commander managed his domain reflected the regional tensions among the American civilian advisors, U.S. Army officers, and local civilian personalities. I did not note any references in Madsen's account of the Charlottesville School of Military Government that trained many of the staff officers who advised the leaders that made policy. While it may be appropriate for the author to focus on Japan and Germany's reconstruction programs, this reviewer believes it misses the critical point that these occupations did not occur in a vacuum, but after the military's long experience in North Africa, Italy, Belgium, France, and the Netherlands. Also, the Army and Navy jointly published a field manual for

¹⁵ Carlo D'Este, *Eisenhower: A Soldier's Life* (New York: Henry Holt, 2002).

¹⁶ Harry L. Coles and Albert K. Weinberg, *Civil Affairs: Soldiers Become Governors* (Washington, D.C.: U.S. Army Center of Military History, 2004).

the process: *FM 27-5 Military Government and Civil Affairs*, first in 1940 and then revised in 1943. At the heart of the occupation commander's responsibilities was the essential tasks of establishing law and order, and ensuring the local population received the food and medical care it needed to recover and reintroduce civilian control. As witnessed in post-2003 Iraq, the failure of politicians to allow the military to follow its doctrine and reestablish effective civilian government could have serious negative consequences. Unfortunately, *Sovereign Soldiers* says little concerning the governance template that the War and Navy Departments developed. These schools, texts, and the ongoing practical experience in liberated Europe formed the doctrine which established the foundation for everything that Eisenhower, MacArthur, and Clay accomplished during their tours as military governors.

My final comment concerns the continuing glorification of those that emerged as leaders at the end of the Second World War. Both MacArthur and Eisenhower developed into famous personalities because of their senior roles during the conflict, clever manipulation of the press, and post-war political ambitions. A few general officers remain in American popular history, primarily because of their wise use of journalists during the war, most notably George S. Patton and Omar N. Bradley in the European theater. Other than MacArthur, most Army leaders in the Pacific have remained out of the public's vision. With more than two-thousand generals and admirals on duty at the end of the war, it is unfortunate that modern historians continue to glorify and recognize the few who, because of their position and public affairs officers, became famous figures. As those serving in the Pentagon and large organizations know, senior leaders have only a few minutes in a week to spend making decisions on significant issues. In most instances, sound economic choices made by MacArthur, Eisenhower, and Clay were the result of intensive staff work, usually by more junior officers. Of course, experience and personality contributed to both the leader's planning guidance and final decision, but the preparation and possible options emerged from intensive staff work. This reviewer hoped that the author could have described to us some of the details of the individual military government organizations: who were the key 'soldier' contributors? How did options develop? And, how did the commanders make decisions? It is instructive that Madsen mentions a host of civilians who guided the military leaders, such as William Draper (a reserve officer) and Joseph Dodge, mentioned earlier. How they interacted with the Army staffs is an essential story in itself. Almost seventy-five years after the war, giving excessive credit to any individual, military or civilian, ignores the contributions of the hundreds who did the analysis, prepared concepts, and briefed the commanders. Bureaucracy is a vital aspect of the military profession and its details are as, if not more, important than personalities.

My comments on the military aspects of *Sovereign Soldiers* should not detract from its overall value and reading pleasure. It is apparent to me that Grant Madsen is an expert on international economic issues and I found his account fascinating. I thoroughly enjoyed the detailed comparisons between the Japanese and German reconstruction programs, the defeat of Henry Morgenthau's plan to eliminate Germany's industrial base, and the problematic recalibration of the Japanese economy. However, I believe it is stretching logic to argue that MacArthur, Eisenhower, and Clay "transformed the global economy after World War II." These famous generals commanded large bureaucratic organizations that applied the Army's published civilian-military doctrine modified by their recent experience. Throughout the narrative, I continued to ask myself what would have been different if other generals had risen to prominence. What if George Marshall had commanded and not Eisenhower? What if MacArthur had perished on Bataan and General Joseph Stillwell had become the Army commander in the south Pacific? What if General J. Lawton Collins had become the reconstruction deputy and not Clay? My conclusion is that nothing materially would have been different, and the world's economic condition at the end of the twentieth century would have been mostly the same. In my view, it was the collective Army with its education, doctrine, flexibility, and willingness to collaborate with American and foreign civilians that 'transformed' the global economy. Therefore, I appreciate the opportunity to review this intriguing and thought-provoking book and dive into the murky world of post-war occupations.

¹⁷ War Department, *Field Manual 27-5, United States Army and Navy Manual of Military Government and Civil Affairs* (Washington, D.C.: U.S. Government Printing Office, 1943 [1940]).

REVIEW BY RONALD COX, MIAMI UNIVERSITY

Grant Madsen's new book, *Sovereign Soldiers*, examines the role of U.S. military governments in structuring the economic policies of the U.S. occupation of Japan and Germany after World War II. The author locates the U.S. military occupation within a larger theoretical context of understanding U.S. foreign policies. He borrows conceptually from a foreign policy literature that questions the unitary capacity of a nation-state to make policy in a unidirectional fashion. Madsen argues that the best explanation of U.S. occupation policies comes from an understanding of the role that U.S. military governments have played as an "external state," meaning "those institutions functioning outside the formal boundaries of the United States, but still tied to it" (7). Madsen takes the concept of the external state from the political theorist Robert Latham, and also expresses his debt to the body of scholarship that he references as the "transnational" approach or the "new internationalism" (9).¹⁸ This approach also advances a critique of the notion that foreign policymaking can be analyzed productively by assuming that there is a unitary state. Drawing on these scholarly perspectives, Madsen argues that the actions of the U.S. state in foreign occupation policymaking have often been more responsive to the immediate political skill, ambition, judgments, and expertise of military officials entrusted with developing occupation policies than to any overarching set of unitary state interests.

With this approach, Madsen locates his own historical framework within the scholarly traditions that reject grand narratives of U.S. strategy. Madsen is skeptical of explanations of U.S. occupation policy that characterize it as 'empire-building' or that view policy as a product of the vested interests of a dominant political and business elite. He argues that such framing fails to capture the extent to which top military commanders and their bureaucratic support system were able to shape the direction of U.S. policies in Germany and Japan. Madsen traces the roots of the U.S. military command structure as an 'external state' to a historically conditioned set of experiences that military officers were able to draw from in making policies in Germany and Japan. For Madsen, the U.S. imperial project as it developed at the turn of the nineteenth century (which he spends some time on) never developed the formal colonial administrative apparatus utilized by European powers in managing their colonial territories. As the United States dramatically expanded its foreign military presence during and after the Spanish-American War, U.S. presidents began to entrust the military with a set of governance functions in occupations that were never completely subordinated to the overarching goals of the state. As a consequence, military commanders like Douglas MacArthur to Lucius Clay to Dwight Eisenhower, the central figures in Madsen's narrative, were forced to struggle with the political and economic context that informed the mix of policies developed by the occupying authorities. From the occupation of the Philippines during the Spanish-American War to the occupation of Germany and Japan following World War II, MacArthur, Clay, and Eisenhower were sharpening their ideas about what policies offered the best mix of political and economic stability for countries that had been defeated on the battlefield.

Madsen argues that each of these officers was influenced by his previous battlefield experience, as well as his own personality, ambitions, and philosophies in developing the political and economic policies that would govern the occupations of Germany and Japan. Of the three central characters of the book, Eisenhower emerges as the most complex thinker during his role as military governor of Germany. Eisenhower presided over the U.S. occupation by enlisting the services of other military and civilian officials, notably Clay, who served as the deputy governor for Eisenhower from 1945-1947 before replacing Eisenhower as military governor, and Joseph Dodge, a U.S. banker whose influence over the occupation policies proved to be critical in both Germany and Japan. Madsen describes how, in their new roles, Eisenhower and Clay faced a German economy devastated by World War II. The German currency, the *Reichsmark*, was rendered worthless as a result of hyperinflation. German employers had little incentive to invest and workers little incentive to secure employment. Instead of market exchange, barter was more commonly used to transfer goods from one individual or business to another. Eisenhower and Clay began thinking about the proper incentive structure that would restore market exchange, create a stable currency, and provide motivation for production and employment.

¹⁸ Robert Latham, *The Liberal Moment: Modernity, Security and the Making of Postwar International Order* (New York: Columbia University Press, 1997).

According to Madsen, the approach that Eisenhower and Clay adopted, which was influenced by the hiring of Dodge to lead the Finance Division, was greatly informed by a recognition that the only viable long-term solution for German economic stability was to implement monetarist-oriented balanced budget and low inflation policies. Madsen argues that the U.S. military command structure mostly wanted a stable policy environment to encourage market exchange and that its solutions were practical, rather than ideological. As Madsen puts it, the framework of 'big government' versus 'small government' was not very useful in understanding the preference of U.S. occupation planners. Neither Eisenhower, Clay, nor Dodge were opposed to 'big government' per se. They were open to a strong social welfare state, high levels of taxation, and a monetary policy that operated to check inflation. Madsen contrasts their policy preferences with those bureaucrats from the State Department who advocated a breakup of German industry (a plan that Dodge argued would work against economic stability) or those from the Treasury Department who advocated a 'punitive peace,' which would not allow for the deployment of political and economic tools to foster a true recovery.

In Japan, the U.S. military command structure under General MacArthur faced a similar set of problems as its German counterparts. The bureaucracy that served under MacArthur was interested in using Keynesian economic policies to spur economic growth in a nation beset with a weak to nonfunctioning currency (extreme inflation rates were the norm), lack of productive investment, and high rates of unemployment. MacArthur focused his efforts on "putting political reform ahead of economic reform," especially in the supervision of a U.S.-drafted constitution which the Japanese "had to accept as written" (132). By 1947, according to Madsen, this mix of policies was floundering and the political and economic conditions of occupied Japan were getting worse. The Truman administration, concerned about the geostrategic implications of a Japan implosion, sent Dodge with the authority to fix the mess. Dodge came to Japan fresh from his service in Germany in 1946. In Japan, he went around the Keynesian bureaucrats (and also MacArthur when necessary), which resulted in a reversal of many of the previous policies that encouraged unchecked spending, unaccountable ministerial decision-making, and accounting practices and runaway inflation that inhibited the functioning of an effective market economy.

The arguments of Madsen's book are built around a very narrow contextual interpretation of U.S. political economic policies in occupied Germany and Japan. Its theoretical framework allows for the elevation of the decisions of key individuals as being decisive in creating the basis for policy formation, implementation, and success. Its bias against Keynesian policies results in a privileging of monetarist policies as inordinately successful and Keynesian policies as dramatic failures. What emerges is an argument that the U.S. military command structure had a better grasp of what worked in foreign economic policy than the government did, particularly under Truman. Eisenhower is extolled for providing the leadership that contributed to saving the German economy, in tandem with German political leaders such as Economics Minister Ludwig Erhard. And a considerable portion of the latter part of the book attempts to demonstrate how Eisenhower's foreign policy experience as military commander contributed to his successful use of the same budgetary philosophy and policies during his presidency. Indeed, Madsen draws the conclusion that the crisis of the modern global economy is rooted in a disregard for the importance of balanced budgets, which were a hallmark of the thinking of military commanders like Eisenhower and finance directors like Dodge, whom Eisenhower enlisted as his budget director during his presidency.

The exclusion of the political and economic power of business elites from this narrative of the U.S. military command structures reflects a serious weakness of the book. The Council on Foreign Relations served as a conduit between business elites and the U.S. government during World War II and published *The War and Peace Studies*, a project to provide guidance to the U.S. State Department regarding postwar planning. *The War and Peace Studies* included an analysis of what the U.S. capitalist economy would require from foreign markets to function effectively after the conclusion of World War II. In this work, corporate executives emphasized the centrality of foreign trade and investment for the health of U.S. capitalism, including a revived European and Asian capitalism that would be a necessary complement to the U.S. economic recovery. These planning documents represented an ongoing cooperation between business and political elites that extended into the post-World War II period, resulting in the creation of international organizations such as the International Monetary Fund and the Bank for International Reconstruction and Development, as well as the thinking

behind the Marshall Plan. Madsen provides a very brief overview of the Marshall Plan, but his discussion ignores the business influence behind the plan's structure.¹⁹

Madsen portrays the U.S. military occupation policies as having been the best and most viable solution for the economic crisis facing Germany and Japan. The military commanders are often portrayed in the book as heroic individuals whose policies were designed to overcome the more parochial concerns of those government and private sector actors engaged in narrow profiteering. However, economic policies always serve particular interests, whether they be the interests of creditors or the interests of debtors. In the case of the U.S.-backed policies in Germany and Japan, the policies served the interests of local dominant economic and political elites who were able to use their leverage in policymaking circles to ensure that there would be no radical overhaul of the capitalist economic structure in either country.²⁰ In Japan, as Madsen acknowledges, Dodge's policies led directly to efforts to subjugate and discipline labor within capitalist production, and to privilege the large-scale Japanese *Zaibatsu*, (conglomerate) as the capitalist engine of future Japanese growth. This meant taking sides in what had emerged as a domestic class struggle in Japan, with Japanese workers attempting to use their unions and organizational power to exert more influence over decision-making in Japanese corporations. The military occupying forces opposed workers' power in Japan and clearly took the sides of factory managers and owners during the occupation. This meant that the U.S. military occupiers, led by Dodge, helped facilitate a Japanese labor system that thoroughly subordinated 'company unions' to the directives of Japanese managers and executives.²¹

In Germany, the U.S. sided with the rehabilitation of powerful German industries and helped to further a set of policies that were led by capitalist interests. These included the U.S. political and military elites working with prominent German firms, most notably I. G. Metall, to resist efforts by large-scale workers' unions to strike for greater control over decision-making within the corporate structure. The U.S. military command structure and its bureaucracies worked closely with employers to resist worker demands for collective decision-making pertaining to "the type, methods and layout of production, investment, sales, price-setting and mergers."²² U.S. military and political elites encouraged West German businesses to hold firm against greater decision-making for workers in production. The overall strength of the German working class allowed German workers to secure co-determination in employment, defined as the creation of works councils that had a seat on the board of directors of German companies, but whose power was confined to issues of wage and employment compensation and retention, not extending to co-determination in production decisions.²³

Madsen also greatly underestimates the extent to which previous U.S. military occupations were structured in ways very similar to the colonial occupations undertaken by European countries. Alfred McCoy's detailed dissection of U.S. colonial

¹⁹ Ronald W. Cox and Daniel Skidmore-Hess, *U.S. Politics and the Global Economy: Corporate Power, Conservative Shift* (Boulder: Lynne Rienner, 1999), 51-56.

²⁰ Gary Harrigel, "American Occupation, Market Order and Democracy: Reconfiguring the Steel Industry in Japan and Germany after the Second World War," in *Americanization and Its Limits: Reworking U.S. Technology and Management in Post-War Europe and Japan*, ed. Jonathan Zeitlin and Gary Harrigel (New York: Oxford University Press, 2004), 340-400.

²¹ Keith Cowling and Philip R. Tomlinson, "The Japanese Model in Retrospective: Industrial Strategies, Corporate Japan and the 'Hollowing Out' of Japanese Industry," *Policy Studies* 32:6 (2011): 572.

²² Philip Armstrong, Andrew Glyn, and John Harrison, *Capitalism since 1945* (Hoboken: Blackwell, 1991), 136-49.

²³ Robert Brenner, *The Economics of Global Turbulence: The Advanced Capitalist Economies from the Long Boom to the Long Downturn, 1945-2005* (New York: Verso, 2006), 46.

⁷ Alfred McCoy, *Policing America's Empire: The United States, the Philippines and the Rise of the Surveillance State* (Madison: University of Wisconsin Press, 2009).

policy in the Philippines, *Policing America's Empire: The United States, the Philippines and the Rise of the Surveillance State* (2009), provides a very different analysis of the scope of earlier U.S. military occupation policy than Madsen does in framing his argument. McCoy argues, contrary to Madsen, that the U.S. military developed a structure of imperial occupation that built an elaborate police-intelligence-surveillance state that borrowed heavily from other colonial powers, including Spain and Britain. The imperial repression endemic to the history of U.S. military occupation is downplayed in Madsen's book. As McCoy argues, there was nothing 'exceptional' about the levels of brutality that characterized the lengthy U.S. history of military occupation and imperial policy.

U.S. military occupiers were never part of an 'external state,' as Madsen describes. They have long been part of an imperial state that has involved extensive coordination and cooperation between corporate and political elites. Madsen's narrow historical framework privileges a political economic perspective that elevates balanced budgets as a relatively neutral policy tool deployed effectively by U.S. military occupiers. However, a wider perspective would locate this policy tool within a broader framework of corporate power and the relationship between corporate elites, the U.S. state, and foreign business elites and political parties. Such an angle is absent from this book, which unfortunately relegates its best examples to a biographical overview of the central protagonists, who are too often disconnected from other power structures and left in isolation from the broader trends of U.S.-led global capitalism after World War II.

REVIEW BY MARK W. WILSON, UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE

Sovereign Soldiers is an unusually ambitious work, especially considering that it is a revision of a Ph.D. dissertation.²⁴ The introduction asserts that the book will offer three major contributions. First, the reader is promised “an institutional history of [U.S.] military government starting after the Spanish-American War” (2). Second, the book serves as “an intellectual history of the political economy that military government created during the occupations of Germany and Japan” (3). Finally, Madsen promises to show how the economic “policy regime” devised during those overseas occupations, which aimed for balanced budgets and low inflation, “came to dominate... the United States in the 1950s,” during the eight years of the administration of President Dwight D. Eisenhower (3). In sum, the book covers more than six decades, describing complex domestic and global developments, many of which have been discussed at length by other talented scholars.

Any assessment of Madsen’s book should recognize that it is ambitious not only in terms of the subjects it covers, but also in its composition, as a work of narrative non-fiction. In comparison to the writing that is to be found in most revised dissertations published by university presses, the prose in *Sovereign Soldiers* is unusually clear and lively. Like a novelist or journalist, Madsen has crafted a narrative featuring a handful of central human characters; in several places, he provides not just vivid anecdotes, but actual dialogue. The book’s main characters include U.S. Army generals, such as Eisenhower, Douglas MacArthur, and Lucius D. Clay, as well as bankers who became important occupation policymakers, such as William H. Draper, Jr., and Joseph M. Dodge. In organizing the book, Madsen made the choice to follow these men across time and space, with a focus on their activities in Germany, Japan, and the United States, during the 1940s and 1950s.

This journalistic narration of multiple complex subjects provides some important benefits, besides the basic one of making the book more appealing to lay readers. Madsen’s tracking of the main characters from Germany to Japan to the United States may seem like an obvious strategy, but in fact it provides one of the most important and original elements of the book. We have many excellent studies of various aspects of the occupations of Germany or Japan, but few works that follow people and policies from one to the other.

But the combination of the wide topical scope and reader-friendly narrative in *Sovereign Soldiers* also contributes to some of the book’s shortcomings. The emphasis on storytelling leaves less room for direct, deep, critical engagement with the relevant scholarly literature on the occupations and the Eisenhower administration. The attention to the long-run careers of the main characters is admirable, but it appears to have made it more difficult for Madsen to deliver on the book’s promises to provide some institutional history. In the end, while Madsen deserves credit for striving to produce an original work of history that transcends the conventions of a standard monograph, *Sovereign Soldiers* shows how difficult it is to pull off such a feat.

The book’s opening four chapters, which cover the period from 1898 to 1945, help to anchor the narrative by describing the early careers of MacArthur, Eisenhower, and Clay. However, they fail to deliver on the introduction’s promise to discuss the post-1898 development of American military government and the “external state” (7). The introduction suggests substantive engagement, using original research, with big questions about U.S. empire and overseas administration, in the early twentieth century. As the recent lively exchange between Daniel Immerwahr and Paul Kramer suggests, these subjects

²⁴ Grant Madsen, “Lessons of Victory: Occupying Germany and Japan, Discovering the ‘People’s Capitalism’” (Ph.D. diss., University of Chicago, 2011). Full disclosure: I never read the dissertation, although I met Madsen more than a decade ago, during a research trip to the Truman Library. Since that time we corresponded briefly about our mutual interest in Joseph Dodge, and I noted the appearance of the article he published in 2012, in *Journal of Policy History*. But I knew little of the contents of the book-in-progress until early 2018, when I examined page proofs and contributed a short blurb for the back cover.

continue to be of great interest to scholars and students in the field of diplomatic history.²⁵ But *Sovereign Soldiers* turns out not to be deeply engaged with the growing secondary literature on empire, and it converses less than one might expect with the related field of military history. Here, in terms of providing helpful historical background on military institutions and military government, *Sovereign Soldiers* does less than William M. Hudson's *Army Diplomacy* (2015), another recent book focused on the post-World War II occupations.²⁶

In terms of the task of introducing the book's main characters, the opening chapters also fall short. Perhaps the most serious problem here is that Draper and Dodge are not given the same sort of early-career sketches that Madsen provides for the generals. This imbalance in the narrative, along with the book's title and its opening pages, means that many readers may be surprised when it turns out that two of the four most important figures in the book are not really soldiers, but bankers. Beyond this, Madsen says surprisingly little (in my own strongly biased view) about the main characters' experiences as administrators on the U.S. home front during World War II. Clay's biographer, Jean Edward Smith, has come close to suggesting that Clay almost single-handedly ran the American war economy.²⁷ Dodge spent part of the war leading the War Department's massive "contract renegotiation" (profit clawback) system, something I have discussed in my own work.²⁸ Draper, a Great War veteran and Wall Street investment banker, also evidently spent some time, during the war years, in public service, some of it on economic policy questions. I was hoping to learn more from *Sovereign Soldiers* about the wartime work of these men, and how their exposure to home front struggles over taxation, price controls, industrial relations policy, and other tough problems might have shaped their ideas about economic policy.

At the core of *Sovereign Soldiers*, in chapters 5-10, Madsen uses original research (in the papers of Dodge and Clay, and bits of large collections held at the National Archives, among other sources), to discuss the occupations in Germany and Japan. These chapters focus on economic policy; more specifically, they concentrate on currency, inflation, and national budgets. Here we have what might be called a rather old-fashioned and narrow approach to occupation history, although perhaps a case could be made that Madsen's book is part of a recent trend in scholarship on the 'history of capitalism,' which has devoted special attention to money and finance.²⁹ Certainly many of the most interesting new histories of the post-1945 occupations written over the last three decades have been less interested in national and international economic policy, in favor of exploring questions about fraternization, education, sex, crime, popular culture, and everyday life.³⁰ Meanwhile, more synthetic volumes, the best known of which is John Dower's masterpiece on postwar Japan, have provided plenty of

²⁵ Daniel Immerwahr, "The Greater United States: Territory and Empire in U.S. History," *Diplomatic History* 40:3 (2016): 373-391; Paul A. Kramer, "How Not to Write the History of U.S. Empire," *Diplomatic History* 42:5 (2018): 911-931.

²⁶ William M. Hudson, *Army Diplomacy: American Military Occupation and Foreign Policy after World War II* (Lexington: University Press of Kentucky, 2015).

²⁷ Jean Edward Smith, *Lucius D. Clay: An American Life* (New York: Henry Holt, 1990), 109-193.

²⁸ Mark R. Wilson, *Destructive Creation: American Business and the Winning of World War II* (Philadelphia: University of Pennsylvania Press, 2016); Mark R. Wilson, "'Taking a Nickel Out of the Cash Register': Statutory Renegotiation of Military Contracts and the Politics of Profit Control in the USA during World War II," *Law and History Review* 18 (May 2010): 343-383.

²⁹ Jeffrey Sklansky, "Labor, Money, and the Financial Turn in the History of Capitalism," *Labor: Studies in Working-Class History* 11:1 (March 2014): 23-46.

³⁰ Donna Alvah, *Unofficial Ambassadors: American Military Families Overseas and the Cold War, 1945-1965* (New York: New York University Press, 2007); Paul Steege, *Black Market, Cold War: Everyday Life in Berlin, 1946-1949* (New York: Cambridge University Press, 2009); Jennifer Evans, *Life Among the Ruins: Cityscape and Sexuality in Cold War Berlin* (Palgrave Macmillan, 2011); Susan Carruthers, *The Good Occupation: American Soldiers and the Hazards of Peace* (Cambridge: Harvard University Press, 2016).

social and cultural history, along with discussions of politics and economics.³¹ Madsen's book, in contrast, has more in common with older studies (and a few newer ones) that are more interested in economic policy. But by concentrating on money, banking, inflation, and public budgeting, *Sovereign Soldiers* engages only selectively with those works, which also discuss Clay, Draper, and Dodge, but typically take a broader view of economic policy, often covering subjects such as labor unions, land reform, antitrust, and the origins of the Cold War.³² That said, *Sovereign Soldiers*' special contribution to this literature is to offer a fresh perspective on some important aspects of economic policy, while doing more than other works have done to trace the movement of policymakers and actions from Germany to Japan, instead of examining just one of those cases.³³

As someone who is not an expert on occupied Germany, I will refrain from attempting a lengthy assessment of Madsen's accomplishments in his three short chapters on the subject. My sense is that Madsen offers some thoughtful and useful discussions of banking and currency reform based on original readings of mostly already-known sources. For the purposes of discussion in this forum, I think it is worth asking how much we should agree with Madsen's summary argument in this section, stating that "Germany proved the potential folly of embracing Keynesian economics" (121). One of the central subjects in these chapters is the well-known story of successful currency reform, which was finally achieved in 1948, when Reichsmarks were finally replaced with the new Deutsche Marks. This was indeed an important achievement, as Madsen shows, and as Clay himself emphasized.³⁴ But the currency reform may be understood not so much as a smart anti-Keynesian policy choice, but simply an obvious necessity, in the face of an utterly dysfunctional Nazi legacy currency, which had been largely abandoned by Germans, in favor of barter and black markets. I also wonder whether Madsen goes too far in suggesting that the Marshall Plan fits neatly into the sovereign soldiers' preferred policy regime of fiscal conservatism (111-

³¹ Jeffrey M. Diefendorf, Axel Frohn, and Hermann-Josef Rupierper, eds., *American Policy and the Reconstruction of West Germany, 1945-1955* (New York: Cambridge University Press, 1993); John W. Dower, *Embracing Defeat: Japan in the Wake of World War II* (New York: W.W. Norton, 1999); Thomas W. Maulucci, Jr., and Detlef Junker, eds., *GIs in Germany: The Social, Economic, Cultural, and Political History of the American Military Presence* (New York: Cambridge University Press, 2013).

³² For example, among English-language sources, Nicholas Balabkins, *Germany under Direct Controls: Economic Aspects of Disarmament, 1945-1948* (New Brunswick: Rutgers University Press, 1964); John H. Backer, *Priming the German Economy: American Occupational Policies, 1945-1948* (Durham: Duke University Press, 1971); Edward N. Peterson, *The American Occupation of Germany: Retreat to Victory* (Detroit: Wayne State University Press, 1977); Theodore Cohen, *Remaking Japan: The American Occupation as New Deal* (New York: The Free Press, 1987); Carolyn Woods Eisenberg, *Drawing the Line: The American Decision to Divide Germany* (New York: Cambridge University Press, 1996); Curtis Franklin Morgan, Jr., "Southern Partnership: James F. Byrnes, Lucius Clay, and American Policy in Germany, 1945-1947" (Ph.D. diss., University of South Carolina, 1998); Howard B. Schonberger, *Aftermath of War: Americans and the Remaking of Japan, 1945-1952* (Kent: Kent State University Press, 1989); Michael Schaller, *Altered States: The United States and Japan since the Occupation* (New York: Oxford University Press, 1997); Marie Thorsten and Yoneyuki Sugita, "Joseph Dodge and the Geometry of Power in U.S.-Japan Relations," *Japanese Studies* 19:3 (1999): 297-314; Christoph Bucheim, "From Enlightened Hegemony to Partnership: The United States and Germany in the World Economy, 1945-1968," trans. Richard Sharp, in Detlef Junker, ed., *The United States and Germany in the Era of the Cold War, 1945-1990: A Handbook, Volume I, 1945-1968* (New York: Cambridge University Press, 2004): 255-70; James Van Hook, *Rebuilding Germany: The Creation of the Social Market Economy, 1945-1957* (New York: Cambridge University Press, 2004).

³³ The tendency to focus on either one or the other, without much attention to transfers and interactions, is apparent even in a collection of essays in which an early generation of scholars (many of them with direct experience in the occupations) was ostensibly considering both: Robert Wolfe, ed., *Americans as Proconsuls: United States Military Government in Germany and Japan, 1944-1952* (Carbondale: Southern Illinois University Press, 1984).

³⁴ Smith, *Lucius D. Clay*, 483.

12, etc.), which emphasized “stability before recovery” (260). Many historians believe that the Marshall Plan offered European nations fiscal flexibility, rather than just austerity.³⁵

American-imposed austerity policies are at the center of Madsen’s three chapters on occupied Japan, which present an original retelling of the well-known story of the transition from a New Deal-influenced ‘reform period’ in 1945-1947, to a more conservative (politically and fiscally) ‘reverse course’ of 1948-49. Many scholars, following the lead of occupier-turned-historian Theodore Cohen, take it for granted that Draper and Dodge, as they carried out the ‘reverse course,’ were part of a broader conservative network of elites in the United States and Japan, interested not just in economic recovery, but in fighting the global Cold War, and stifling the Japanese left.³⁶ Madsen’s account, which draws heavily on Dodge’s papers, downplays this political angle. It also offers an unusually positive assessment of the impact of the ‘Dodge Line,’ the 1949 reforms that swung the national budget from deficit to surplus, while laying off large numbers of public employees, at the national railways and elsewhere.

Here Madsen is vulnerable to criticisms that his account is overly sympathetic to his main character, Dodge. Madsen seems to agree with Dodge, and some economists working in the American occupation government, that the austerity measures imposed in 1949 were a success, achieving fiscal stability without causing much real economic distress. Madsen downplays the extent of deflation, citing a summer 1949 memo from an occupation economist, but then provides data showing that significant deflation did occur by 1950 (167-69). He also sides with Dodge and occupation economists in minimizing the downside of mass firings of public workers, and by suggesting that “the economy’s stability in spite of the layoffs suggested just how many laborers did no productive work” (171). This was not the view of much of the Japanese public in 1949-50; nor does it agree with the findings of many other historians, who tend to be more critical of the Dodge Line. (As Cohen put it, “The world looks quite different to the worm and to the bird.”³⁷) More than a few scholars wonder if Dodge’s austerity reforms might have caused a much more serious economic downturn, had it not been for some Keynesian counter-measures, first in the form of more generous credit from the Bank of Japan, and then via massive U.S. spending in Japan during the Korean War.³⁸

In its final chapters, *Sovereign Soldiers* turns to the United States, suggesting that some of the economic policy lessons learned in occupied Germany and Japan were applied at home, by Eisenhower, Dodge, and like-minded ‘modern Republicans,’ as they tried to reform the U.S. political economy in the 1950s. As Madsen and other scholars have explained it, this reform navigated a middle way located between the free-spending Keynesianism of the Truman administration, on the one hand, and the small-government, tax-cut minded ideologues on the Republican right wing, on the other. Madsen’s original contribution here is to enrich this well-known story by pointing to its previously underappreciated transnational elements. The book makes repeated strong claims, often with good evidence attached, that Eisenhower and others, as they tried to manage the U.S. economy in 1953-60, were informed by their observations of the benefits of fiscal conservatism in Germany and Japan (121, 191, 213-14, 218, 248-49, etc.).

³⁵ One recent synthesis making this point is Odd Arne Westad, *The Cold War: A World History* (New York: Basic Books, 2017), 113.

³⁶ Michael Schaller, *The American Occupation of Japan: The Origins of the Cold War in Asia* (New York: Oxford University Press, 1985); Cohen, *Remaking Japan*; Schonberger, *Aftermath of War*; Richard B. Finn, *Winners in Peace: MacArthur, Yoshida, and Postwar Japan* (Berkeley: University of California Press, 1992); 191-234; Eiji Takemae, *Inside GHQ: The Allied Occupation of Japan and Its Legacy* (New York: Continuum, 2002), 337-485; Dower, *Embracing Defeat*; Westad, *Cold War*, 134-139.

³⁷ Cohen, *Remaking Japan*, 443.

³⁸ Schonberger, *Aftermath of War*, 222-224; Finn, *Winners in Peace*, 226-230; Takemae, *Inside GHQ*, 469-485.

This final section of the book, like the central chapters on the occupations, should inspire (or re-ignite) some healthy debates. One obvious question is whether the book may exaggerate the importance of the occupations for domestic economic policy, perhaps by taking a selective rather than more comprehensive view of all the variables in play. It seems possible that for many Americans, fiscal conservatism was a commonsensical proposition that was widespread before 1945, without requiring any confirmation from the results of natural experiments running in occupied Germany and Japan. Eisenhower's inner circle of economic advisers did include Dodge, his first budget director, but also others without occupation experience, such as academic economist Arthur F. Burns, head of the Council of Economic Advisors.³⁹ The relative importance of the occupation experience may also be diminished if we disagree with Madsen about the differences between Truman and Eisenhower. In the book's introduction (5), and then at various points in the book, Madsen describes an ironic disjuncture between the Truman administration's Keynesianism at home, and the increasingly fiscally conservative, anti-inflationary economic regimes being developed in Germany and Japan (5). This seems to overstate the case. To be sure, as Madsen states clearly, there is some evidence of a tilt toward Keynesianism by the Truman administration in 1948-49, as Leon H. Keyserling emerged as the president's top economic advisor. However, as several scholars have noted, much of the Keynesianism actually implemented during this era was more conservative than the variety championed by Keyserling; Truman himself was not comfortable with deficit spending.⁴⁰ Truman's 1949 state of the union address, cited by Madsen as evidence of domestic Keynesianism, called for strong anti-inflationary measures, demanding not just budget balancing, but a surplus, to pay off war debt. And indeed, the federal government was running significant surpluses throughout the late 1940s; even the Korean War mobilization was handled with very small deficits, in comparison to those that accompanied other wars. In sum, the evidence suggests that there was less of a difference in practice, if not in rhetoric, between the Eisenhower administration and the Democratic administrations that came before and after it.⁴¹ This may suggest that the sovereign soldiers were less distinctive, as economic policymakers, than Madsen's book implies.

If we agree that the occupation experiences did have a significant effect on the domestic policymaking of the 1950s, it is worth asking questions about whether Eisenhower and his economic team understood the overseas experiences correctly, and if so, whether it was appropriate to apply lessons learned in Germany and Japan to the United States. The occupied nations had been devastated by war and required full-blown reconstructions, whereas the domestic economy benefitted from massive wealth and global power. The occupied nations were forcibly demilitarized, whereas the United States, starting in 1950, was spending immense sums on defense. How reasonable was it to transfer economic lessons from abroad to home? Did Eisenhower and his team wrongly overemphasize fiscal responsibility? Certainly the success of his administration's economic policies is debatable. Growth was not impressive by historical standards; the Eisenhower team did little to address the problem of poverty. Several scholars fault the Eisenhower administration for an insufficiently Keynesian response to the downturn of 1957-58, causing a 'double-dip' recession, with another downturn in 1960-61.⁴² As the historian Iwan Morgan

³⁹ William M. McClenahan Jr., and William H. Becker, *Eisenhower and the Cold War Economy* (Baltimore: Johns Hopkins University Press, 2011), 25-29.

⁴⁰ Robert M. Collins, *The Business Response to Keynes, 1929-1964* (New York: Columbia University Press, 1981); Michael J. Hogan, *A Cross of Iron: Harry S. Truman and the Origins of the National Security State, 1945-1954* (New York: Cambridge University Press, 1998); Aaron L. Friedberg, *In the Shadow of the Garrison State: America's Anti-Statism and Its Cold War Grand Strategy* (Princeton: Princeton University Press, 2000), 105-111; Paul G. Pierpaoli, Jr., *Truman and Korea: The Political Culture of the Early Cold War* (Columbia: University of Missouri Press, 1999), 20-23; James Hillyer, "The Fiscal Revolution in America: A Reinterpretation," *Journal of Policy History* 30:3 (2018): 490-521. An account that describes Truman as favoring Keyserling more strongly, and slightly earlier, may be found in Alonzo L. Hamby, *Beyond the New Deal: Harry S. Truman and American Liberalism* (New York: Columbia University Press, 1973), 302-333.

⁴¹ For data on federal surpluses and deficits relative to GDP, see <https://fred.stlouisfed.org/series/FYFSGDA188S>.

⁴² John W. Sloan, *Eisenhower and the Management of Prosperity* (Lawrence: University Press of Kansas, 1991), 50, 150-151; Iwan W. Morgan, "Managing the Economy," in Chester Pach, ed., *A Companion to Dwight D. Eisenhower* (Hoboken: John Wiley & Sons, 2017), 227-245. Even Raymond J. Saulnier, the Council of Economic Advisers chairman who agreed with Eisenhower's approach,

has suggested, it is more than possible that a slightly less austere approach in the late 1950s might have avoided the second dip, and thereby turned the close presidential contest of 1960 in favor of Richard Nixon.⁴³

I wish that Madsen had done more in the final chapters, and elsewhere in the book, to engage more directly with the scholarly literature, so as to highlight the book's most original contributions. While Madsen certainly cites the most relevant works—such as, in the case of the final chapters, books by Robert M. Collins, Iwan W. Morgan, John W. Sloan, and William M. McClenahan, Jr. and William H. Becker⁴⁴—the text and notes do relatively little to indicate when Madsen is merely summarizing the works of others, and when he thinks he is contradicting them. Beyond this, there are spots in the book in which obviously relevant studies go unmentioned. For example, the final chapters mention Senator Joseph McCarthy's attacks on Leon Keyserling and his wife Mary Dublin Keyserling (194), citing primary sources, but not Landon Storrs's important book on the subject.⁴⁵ Admittedly, that is a quibble. More puzzling is the apparent lack of a single reference to Robert Griffith's highly influential article on Eisenhower's approach to political economy—a work that might easily be ranked as the one secondary source most relevant to Madsen's concerns.⁴⁶ Here again, the book's doubly ambitious attempt to offer a lively narrative, along with serious scholarly treatment of a wide range of subjects, makes it difficult for Madsen to satisfy all kinds of readers.

In the end, Madsen offers a mostly positive, sympathetic assessment of the sovereign soldiers and their fiscal conservatism. Here the book departs from much of the academic literature, which tends to treat them with more criticism and disapproval. For New Left-influenced historians and others, Draper and Dodge, the bankers, seem to fit cleanly into a narrative of conservative U.S. business interests having an outsized influence on the shaping of the Cold War. Madsen describes these men, along with the generals, as being less ideological, and more driven by a "pragmatic moralism" (283), than we have been led to believe. *Sovereign Soldiers* is not definitive on these points, in part because it does little to describe the bankers' domestic careers and networks, and in part because the sovereign soldiers' commitment to hard money and balanced budgets seems relatively rigid, even in Madsen's telling. I suspect that Madsen's book might have been even more compelling, if it had done more to outline their differences, and not just their shared vision. Clay and MacArthur, for example, seem to have been somewhat more tolerant of New Dealers and Keynesianism than were Dodge, Draper, and (perhaps) Eisenhower. The latter was apparently charmed by the ideas of conservative free-enterpriser Lewis Brown, in the late 1940s, for example, whereas Clay was more dubious (191-92, 307-08). In any event, Madsen's original interpretation of the accomplishments of these men, and their relationships, should inspire scholars to reassess long-standing assumptions.

Sovereign Soldiers is a stimulating work by a young historian with considerable talents, not just as a researcher and thinker, but also as a writer. As I have suggested, I do not believe that these capabilities are fully demonstrated in this first book, in

admitted that the 1960 recession "was a hugely disappointing close to Eisenhower's eight years of coping with the ups and downs of the economy." Saulnier, *Constructive Years: The U.S. Economy under Eisenhower* (Lanham: University Press of America, 1991), 128.

⁴³ Iwan W. Morgan, "Eisenhower and the Balanced Budget," in Shirley Anne Warshaw, ed., *Reexamining the Eisenhower Presidency* (Westport: Greenwood Press, 1993), 121-132.

⁴⁴ Collins, *Business Response to Keynes*; Robert M. Collins, *More: The Politics of Economic Growth in Postwar America* (New York: Oxford University Press, 2000); Iwan W. Morgan, *Eisenhower versus the Spenders: The Eisenhower Administration, the Democrats, and the Budget, 1953-60* (New York: St. Martin's Press, 1990); Sloan, *Eisenhower and the Management of Prosperity*; McClenahan and Becker, *Eisenhower and the Cold War Economy*.

⁴⁵ Landon R.Y. Storrs, *The Second Red Scare and the Unmaking of the New Deal Left* (Princeton: Princeton University Press, 2012).

⁴⁶ Robert Griffith, "Dwight D. Eisenhower and the Corporate Commonwealth," *American Historical Review* 87:1 (Feb. 1982): 87-122.

part because the book tries to do too much at once, in a single volume. I suspect that Madsen will be able to produce even more compelling works, in the future, which will more fully satisfy experts, while appealing to wider audiences. I look forward to seeing this promise realized in the years to come.

RESPONSE BY GRANT MADSEN, BRIGHAM YOUNG UNIVERSITY

As many authors say in the first paragraph of a response to book reviewers, it is both terrifying and gratifying to be in this position. Terrifying because Dayna Barnes, Stephen Bourque, Ronald Cox, and Mark Wilson are scholars I deeply respect and, as the footnotes of my book reveal, whose work I often relied upon in writing *Sovereign Soldiers*. Unsurprisingly, their reviews went right at the vulnerable parts of my book, the places that caused me so much stress while writing it. I also say ‘gratifying’ because their thoughtful comments and constructive challenges evidence a real care in their reading of *Sovereign Soldiers*.

I also must thank William Hitchcock for moderating this roundtable. Like the reviewers, I depended on his scholarship in writing *Sovereign Soldiers* and have always appreciated his example as a historian. Finally, let me thank Thomas Maddux for putting this roundtable together and, especially, for patiently sticking with me as I took *forever* to write my reply. Some unfortunate timing and a series of outside pressures conspired against me. Many thanks to him and the reviewers for patiently waiting on me.

Sovereign Soldiers is a policy history. Essentially it is an intellectual genealogy of a set of economic policies that dominated the United States, West Germany, and Japan through much of the 1950s. It began as an effort to understand why these different nations embraced the same cautious fiscal policies at a time that is often thought of as ‘the Keynesian revolution.’ In terms of its methodology, *Sovereign Soldiers* tried to embrace William Novak’s demand that historians move past the ‘myth’ of the ‘weak American state’ and provide a “pragmatic, critical, and realistic appraisal of American power that would answer the ‘how’ questions— how officials acted, how policy was made, how government functioned.”⁴⁷ As such, the book does not address some of the large questions of American postwar strategy, or take up debates over American Empire. Rather, it argues that the details of *how* to accomplish the reconstruction of global capitalism and the postwar state remained very much in question. A Keynesian prescription for domestic economic management had just emerged, as had a global system for regulating exchange rates (as part of the Bretton Woods Agreements). But how these two systems might coexist also remained up for grabs.

As each of the reviewers recognizes, the book answers the ‘how’ question by tracing the careers of military and businessmen who were important in all three arenas: generals such as Douglas MacArthur, Dwight D. Eisenhower and Lucius Clay, along with lesser-known business officials such as the former investment banker-turned general William Draper and the Detroit banker Joseph Dodge. Ascribing nuts-and-bolts policymaking to generals, however, begged a lot of questions. What made them care about economic policy? Had they understood economic principles prior to the occupations? If not, when did they get their education? Most of all, why, and with what consequences, did they resist the growing pressure to adopt a Keynesian framework? Finally, what policy regime did they bring back to the United State in the 1950s, and how different were their ideas compared to the approaches that were already on the table?

As each of the reviewers acknowledges, *Sovereign Soldiers* attempts to answer these questions by covering a lot of ground— sixty years and three continents—which means it cuts across a lot of historiographical boundaries including, among others, diplomatic history, economic history, military history, and policy history. As they note, I sacrificed some depth in historiographic engagement in the interest of breadth. In addition, each of the reviews agreed that (as Barnes perhaps best sums up), “*Sovereign Soldiers* benefits from the strengths of a biographical approach, but is also marked by a limitation of the genre.” For Barnes and Wilson, biography lends itself to a “benevolent” or “overly sympathetic” view of the occupiers, while Bourque and Cox more pointedly dislike the continued “glorification” of the more famous military leaders (Bourque) who come across as too “heroic” (Cox, but also Barnes). Bourque also feels that a “collective” biography felt forced: “it is difficult to compare MacArthur with Eisenhower or Clay” given their “different pre-1945 careers.” More specifically, the

⁴⁷ William J. Novak, “The Myth of the ‘Weak’ American State,” *American Historical Review* 113:3 (June 2008): 752-772, here 765.

biographical approach shortchanged my promise to offer a broader institutional history (Wilson) which, perhaps saying the same thing in different terms, Bourque argues does not recognize how bureaucracy remains “a vital aspect of the military profession.”

I am very sympathetic to these criticisms. In principle, I agree with Bourque that “giving excessive credit to any individual, military or civilian, ignores the contributions of the hundreds who did the analysis.” I agree as well with Barnes and Cox that biography can heroize its subjects. That was not my intention, and it was something I tried to mitigate against with apparently less success than I had hoped for. I am also very sympathetic to Wilson and Bourque’s concern that *Sovereign Soldiers* does not offer as much institutional history of military occupations as I had wanted.

In my defense, once I had decided to connect policymaking in the occupations to American domestic politics in the 1950s, my options felt limited. The biographical approach became (as Wilson says) the “obvious strategy” since it could give focus to an otherwise far-flung narrative. Eisenhower, Clay, Dodge and Draper carried the main policy ideas from one policy arena to the next, where they also acted as the primary movers of those policy ideas in those arenas. This meant privileging their story over others, but in the end seemed the best means for giving the narrative coherence. I recognize the drawbacks which were so eloquently described by all the reviewers.

In addition to the concern with biography, each reviewer expressed a concern that *Sovereign Soldiers* overemphasizes innovation or discontinuity without paying enough heed to the important continuities found in many of the historiographies I traversed. For example, Bourque feels that I do not adequately “address the lineage of military government before the Army arrived in Germany and Japan,” a lineage he very nicely summarizes. Cox argues that “military occupiers...have long been part of an imperial state that has involved extensive coordination and cooperation between corporate and political elites,” and the failure to place my story “within a broader framework of corporate power” spoils the book’s contribution. Wilson hoped that *Sovereign Soldiers* would have a more “direct, deep, critical engagement with the relevant scholarly literature” (including the “the growing secondary literature on empire” and military history); along those lines he also wanted more recognition that within American domestic politics “fiscal conservatism was a commonsensical proposition that was widespread before 1945.” Finally, Barnes notes that both Germany and Japan “were already established major economic powers before they were occupied” and, in the Japanese context particularly, “a compelling case” exists that “the continuity between pre- and post-war economic structures and policies was responsible for the ‘miracle’ of Japanese economic growth,” not simply the effort by Dodge to remake Japan’s budgeting process.

These are important concerns that speak to the main goals of my book, so I will try and take them one at a time. Let me start with Bourque’s review. I deeply respect his views and found myself wishing I had had access to his succinct and richly historiographic review before I began writing. In it, he includes a concise summary of the careers of MacArthur, Eisenhower, and Clay, after which he concludes, correctly in my opinion, that they “were products of their education, experience, and personal connections.” He then goes on to say, incorrectly in my opinion, that how “they operated as sovereigns depended more...on the military doctrine developed to guide staffs and military government organizations.” My feeling is that that these two observations work against each other. That is, the distinctly different career paths Bourque so eloquently summarizes mean precisely that Clay would probably have governed differently than MacArthur, hence my decision to include biographical chapters explaining the lives of the different generals prior to the occupations. More to the point, the orders coming to Germany and Japan had enough overlap to suggest that if doctrine had proven determinative, we should have seen more continuity between Germany and Japan than in fact existed. Put another way, while Bourque is correct in noting that military government entered the occupations with guidelines developed (among other places) at the Charlottesville School of Military Government, the archival record struck me as telling a story of discontinuity and innovation when it came to Germany. “[W]ithin a week,” Lucius Clay later said of those orders, “it was clear” that the pre-occupation planning “was just a lot of damned foolishness.” Many of the plans had assumed a viable post-Nazi German state

along with an intact economy. “[W]e were going to have a far more chaotic condition than was visualized by this rather academic organization” he concluded.⁴⁸

Since this is a core part of my argument, let me elaborate a little. It struck me that Clay set aside official doctrine and began to fall back on his own experience almost immediately after getting to Germany. In this regard, I think Bourque helps make my case by noting that Eisenhower and Clay were both deeply pragmatic leaders for whom ‘results mattered’—so much so, in my account, that they felt comfortable revising (or abandoning) instructions that seemed unworkable. By contrast, MacArthur did not challenge the economic policy directives he received from Washington despite staggering levels of inflation and low production in Japan. Moreover, since Clay had lost confidence in his original orders and directives, he became open to new sources for policy ideas. Here, I was surprised to realize that the ideas that came to dominate economic policy in the German occupation did not originate with the military or people such as Eisenhower, Clay, Draper, or Dodge. As early as December 1945, Clay gave Dodge permission to conduct interviews across a broad cross-section of German economists and bankers for ideas on how to formulate an effective economic program for the occupation. The study became the basis for the since-famous currency conversion of 1948. But the study taught far more than that.⁴⁹

For one thing, Dodge realized (and soon convinced Clay) that the Nazi state had controlled business through the financial structure of the nation, extending power from the central bank (the *Reichsbank*) through the commercial banks and into corporate boardrooms. The consequences of this structure created the massive inflationary overhang the currency conversion hoped to cure. But the study also revealed that currency conversion alone would prove useless unless accompanied by strict fiscal restraint. Thus, Clay concluded that their original orders had misunderstood the nature of economic power in Germany and the key to its democratization and rehabilitation: finance, not corporate abuses, became the focus of reform. Restraints on the state’s debt would have the double benefits of restoring the economy while avoiding the dangers of crony-capitalism, a significant danger since occupation officials took for granted that the postwar state would remain robust in providing a wide range of welfare benefits. In short, the German occupation provided Clay, Dodge, and Draper (and eventually Eisenhower) with a broader ‘policy regime’ (for lack of a better phrase) that connected persistent deficit spending with inflation and, if sustained long enough, democratic collapse. It also provided an implicit warning against Keynesian economics since, as they learned, the Nazi economy had already pursued something like it throughout the 1930s.⁵⁰ Finally, and on a point I will return to in responding to Wilson below, they did *not* insist on the rollback of state welfare capacities or insist on limits to government spending (or taxation). Rather, they developed something that struck me as unique in the American if not the European context: a kind of big government/balanced budget economic policy regime. In other words, since I could not find much in the doctrine and orders received by military government that might have

⁴⁸ “Interview with General Lucius Clay: Interview #16, Feb. 5, 1971,” by Jean Smith, 521 (OH-56) Dwight D. Eisenhower Presidential Library, Abilene, Kansas.

⁴⁹ In my experience, far too much attention gets paid to the currency conversion plan without enough attention going to the sixteen appendices prepared by the Finance Division which explain how the plan fit into the larger understanding of the German economic situation. I find it significant that Dodge went back to these appendices when clarifying for William Draper how the currency conversion worked within the broader policy regime (106-107). That is, in the archives it seemed clear that the broad study captured in these appendices became the basis for a great deal of subsequent policymaking. See Record Group 260, Finance Division, Box 909: “Appendices to Colm-Goldsmith Plan,” National Archives (College Park, Maryland).

⁵⁰ We can see the persistence of these observations in Eisenhower’s “Farewell Address,” given shortly before John F. Kennedy assumed the presidency. It summarized their same observations in the form of a warning about the military-industrial complex. “We cannot mortgage the material assets of our grandchildren,” he said in speaking of the temptation to run budget deficits in the name of national security, “without risking the loss also of their political and spiritual heritage. We want democracy to survive for all generations to come, not to become the insolvent phantom of tomorrow.” Dwight D. Eisenhower, “Farewell Address,” <https://www.ourdocuments.gov/doc.php?flash=true&doc=90&page=transcript>.

predicted this policy outcome in Germany, but I could see it in the advice given to military government by the Germans Clay, Dodge, and Draper supervised, a story of discontinuity made a great deal more sense.

Still, as I read Bourque's review, much of it resonated with me. For example, he notes that *Sovereign Soldiers* understates the long history of military government prior to the occupations in Germany and Japan while overstating the flaws found in a West Point education prior to the World War II. I agree that a better job on both fronts would have allowed *Sovereign Soldiers* to rest on more solid ground. Where the book overstates, understates, or misses a key point I hope readers will discern an excess of zeal in trying to tell my story. Bourque correctly recommends that I temper that zeal, but I am happy that in the end he also sees merit in thinking about the occupations as generators of global economic policy.

Indeed, on exactly this point Cox expresses his own doubts about the story of policy innovation found in *Sovereign Soldiers*. For example, where Bourque at least accepts my premise that in "almost all cases" occupations functioned as "external states," Cox feels that "U.S. military occupiers were never part of an 'external state.'" He argues that soldiers have never been sovereigns, because the whole foreign policy apparatus, including the military, has "long been part of an imperial state that has involved extensive coordination and cooperation between corporate and political elites."

Since Cox (like Bourque) raises some fundamental concerns about *Sovereign Soldiers* I want to offer another detailed response. But before getting to that, let me first offer gratitude for the even-handedness of his review despite his objections.

I understand Cox to argue that a policy history should focus primarily on who or what group gains or sustains power through the policy under investigation. Whether a policy fits, for example, a Keynesian or anti-Keynesian framework misses the more important question of power. As he puts it, the "exclusion of the political and economic power of business elites from this narrative of the U.S. military command structures" amounts to a "serious weakness of the book." For example, he correctly notes that the "Council on Foreign Relations served as a conduit between business elites and the U.S. government during World War II"; its *War and Peace Studies* in fact aimed to "provide guidance to the U.S. State Department regarding postwar planning." He is also right that many Americans in and around government had drawn conclusions about "what the U.S. capitalist economy would require from foreign markets to function effectively after the conclusion of World War II."

My response here echoes my response to Bourque. When it came to nuts-and-bolts policy in Germany, the archive showed much less influence from the American business community or the Council on Foreign Relations than I had expected. To give just one example, it seemed clear that Clay and Dodge decided that the new postwar German state should default on Nazi war debts because Alfred Weber (the economist brother of the more famous Max) specifically made that recommendation to Dodge in late 1945 and Dodge passed it along to Clay along with the reasons for it. This kind of causal chain seemed more common than not in my research. It also seemed that occupation officials typically lobbied the American business community to support its ideas more often than the other way around. Thus, Dodge did his best to lobby the business community to support the Marshall Plan. In particular, Clay and later William Draper (and, in his presidency, even Eisenhower) came to rely on 'missions' of business experts to "investigate" some policy question only to reveal "findings" that Clay and Draper (and later Eisenhower) had pre-arranged. In Japan, a mission headed by Robert Young, the governor of the Federal Reserve (140-1), and in Germany a mission headed by Lewis Brown (head of the Johns-Mannville Corporation) (191-2) each advanced aims already articulated by Clay and Draper. In other words, in a strict sense, the archival record suggests that military government largely used the business community for its own purposes whenever it could.

Of course, one could reply that this care for causation and individual policies misses the broader point that military government had *already* accepted the premises of the broader imperial state and the needs of corporate capital, so that tracing smaller policies makes no real difference. But assuming no real variation in goals between corporate elites and occupation officials, would it not seem historically significant to know *how* the occupations did it (policy wise)? In other words, one could accept the *premise* of an imperial state and yet the analysis I offer might still be relevant, perhaps even more

relevant, by revealing how an external state could function with semi-independence in achieving the broader imperial goal it shared with its patron-state.

Put another way, Cox is right to say that I did not explore the relationship between power and policy to the extent found in many treatments of the occupations. But this strikes me as stating a preference for one historical focus over another. Can I agree with Cox that “economic policies always serve particular interests, whether they be the interests of creditors or the interests of debtors” yet still tell a story focused almost entirely on how those policies came into being? Similarly, I agree that military government’s policies ultimately ensured “that there would be no radical overhaul of the capitalist economic structure in either country.” In fact, one could argue that *all* policy serves some interest and that *Sovereign Soldiers* might have done more to show how (for example) racial and religious policies also reinforced preexisting power structures. All true. But the fact that *Sovereign Soldiers* has not told a story of power and policy in this particular way does not mean that it argues against the efficacy of that approach; nor should that approach deny a space for the kind of long, multi-arena policy history I have crafted. I would like to hope that both approaches have a place in the methodology.

For me, it seemed worthwhile to understand how occupation officials came to their understanding of economic policy, how they implemented it, and why they thought they were doing the right thing. Cox rightly points out that the effect of these policies tended to favor established elites, but in reading the occupiers’ accounts I did not find strong preconceptions (aside from MacArthur’s) that are consistent with Cox’s review. The first three chapters of *Sovereign Soldiers* aimed to make that point. Put another way, Bourque’s review comes closer to what my research found in saying that “military government was a necessary, if controversial, component of the U.S. Army’s war effort” where variation in governance “reflected the regional tensions among the American civilian advisors, U.S. Army officers, and local civilian personalities.” Fundamentally, and at “the heart of the occupation commander’s responsibilities was the essential tasks of establishing law and order, and ensuring the local population received the food and medical care it needed to recover and reintroduce civilian control.” Bourque argues that *Sovereign Soldiers* does not recognize enough the longer history of military occupations that demonstrates these conclusions; Cox argues that I make too much of these very conclusions. Perhaps having reviewers criticize me on either side of this question means that I got it right?

My deep thanks to Wilson for his review. As he notes, we have bumped into each other over the years as I have researched and formulated *Sovereign Soldiers*. As his richly historiographic review demonstrates, he has extensive familiarity with my topic. This fact made it a joy to talk to him while doing the research and writing the book. It makes responding to his review, however, deeply intimidating.

In general, Wilson presses on exactly the points I would expect from someone who knows so much about the military and its relationship to economic policy and the broader American state. He correctly calls my approach “old-fashioned” in the sense that it takes up questions that dominated diplomatic and political history in the 1970s and 1980s but seldom do so today.⁵¹ I also appreciate the acknowledgment that I want to speak to the emerging field generally called “the history of capitalism.” Wilson also captures my purpose when he writes that I hoped my “special contribution” would be “a fresh perspective on some important aspects of economic policy, while doing more than other works have done to trace the movement of policymakers and actions from Germany to Japan, instead of examining just one of those cases.” As Wilson emphasizes in his extensive footnote on this topic, scholars have understood military occupations from almost every vantage but have rarely seen them in comparison or as the circuit through which policy ideas traveled around the globe.

⁵¹ This list could be very long. For representative examples, see Joyce Kolko and Gabriel Kolko, *The Limits of Power: The World and United States Foreign Policy, 1945–1954* (New York: Harper and Row, 1972); Bruce Kuklick, *American Policy and the Division of Germany* (Ithaca: Cornell University Press, 1972); John Gimbel, *The Origins of the Marshall Plan* (Stanford: Stanford University Press, 1976); Robert A. Pollard, *Economic Security and the Origins of the Cold War, 1945–1950* (New York: Columbia University Press, 1985).

Early in his review Wilson writes that my “emphasis on storytelling leaves less room for direct, deep, critical engagement with the relevant scholarly literature on the occupations and the Eisenhower administration.” I took the rest of his review as an invitation to more of that here. I will do my best.

For example, Wilson asks whether the “well-known” German currency conversion amounted to “an obvious necessity, in the face of an utterly dysfunctional Nazi legacy currency” rather than the “smart anti-Keynesian policy choice” I describe. This is a tricky question because, as a policy tool, currency conversions do not represent a pro- or anti-Keynesian choice. As I mention above in response to Bourque’s review, Clay, Dodge, Draper (and eventually Eisenhower) gained a broader policy regime in Germany which suggested that currency conversions had only short-term consequences unless they were accompanied by fiscal restraint and the removal of state policies that affected the price level (such as subsidies, price-supports, multiple exchange rates, and so on). As referenced in chapters 6 and 8 of *Sovereign Soldiers*, many countries experienced massive postwar inflation, and most, including Japan, had performed a currency conversion *prior* to the summer of 1948, when the German currency conversion took place. Yet in nearly every instance, the currency conversion did not stem inflation or spur recovery. Thus, when Dodge arrived in Japan, he saw no reason to implement a *second* conversion precisely because the real problem lay in the fiscal policies that had made the first both necessary and ineffective. As I tried to show, the 1948 German conversion worked precisely because it fit within a *broader* policy regime that ended price controls and did not turn to stimulus when, in the fall of 1948, the German economy stalled.

In his discussion of my Japan chapters Wilson again gets at exactly the critical points. He asks “if Dodge’s austerity reforms might have caused a much more serious economic downturn, had it not been for some Keynesian counter-measures, first in the form of more generous credit from the Bank of Japan, and then via massive U.S. spending in Japan during the Korean War.” For her part, Barnes extends the question by asking how my narrative “fits into the existing literature on the ‘economic miracle.’” In a broad sense, Wilson and Barnes are really asking me to respond to Theodore Cohen, John Dower, and Eiji Takemae’s description of the “Dodge Line” (as it was called at the time).⁵²

Taking these questions in order, let me say that Wilson’s phrasing complicates my answer due to the long and twisted career of the term *Keynesian*. To clarify what I meant by it, I elaborated the views of its important practitioners during the late 1940s and into the 1950s, including well-known American economists such as Alvin Hansen or Paul Samuelson, policymakers such as Leon Keyserling, and Japanese thinkers such as Arisawa Hiromi, all of whom shared an assumption that fiscal policy could generate specific levels of employment but monetary policy could not. This was the heart of the “Fiscal Revolution” (as described so long ago by Herbert Stein),⁵³ and it assumed Marriner Eccles’s observation that trying to ease unemployment through monetary measures amounted to “pushing on a string.”⁵⁴ In the meantime, in trying to describe the anti-Keynesian views of Dodge, along with Clay, Draper, and Eisenhower, I show that this group assumed that monetary expansion only occurred to meet the demand of a growing government debt. Occupation officials never really considered what today we call ‘quantitative easing’ as an independent policy tool. In other words, at least at that time, both supporters and critics of Keynesian economics did not see the efficacy of a monetary authority accomplishing a ‘Keynesian’ stimulus. So, within this context, Wilson’s phrasing is a misnomer—at that time monetary expansion would not have seemed like a “Keynesian” counter-measure.

⁵² Theodore Cohen, *Remaking Japan: The American Occupation as New Deal* (New York: The Free Press, 1987); John W. Dower, *Embracing Defeat: Japan in the Wake of World War II* (New York: W.W. Norton, 1999); Takemae Eiji, *Inside GHQ: The Allied Occupation of Japan and its Legacy*, translated and adapted by Robert Ricketts and Sebastian Swann (New York: Continuum, 2002).

⁵³ Herbert Stein, *The Fiscal Revolution in America*, Revised Edition (Washington, D.C.: AEI Press, 1990).

⁵⁴ See House of Representatives, Committee on Banking and Currency, “Hearings on HR 5357: Banking Act of 1935,” (Washington, D.C.: Government Printing Office, 1935), 377.

Now this only answers the question of terminology, of what counted as Keynesianism at that time. It does not resolve the thorny question of what, exactly, was happening in Japan's economy and whether the Bank of Japan managed to stimulate Japan's economy (whether we call the policies 'Keynesian' or not). Setting aside the controversy of whether quantitative easing can succeed in raising employment levels at all,⁵⁵ we would need to evaluate the rare situation where fiscal and monetary authorities worked in opposite directions. Finally, this moment in Japanese history also seems to violate Milton Friedman's maxim that, "Inflation is always and everywhere a monetary phenomenon."⁵⁶ Inflation declined dramatically following the Dodge Line even as the central bank tried to increase the money supply. Needless to say, sorting through all of these variables would have required a depth of economic analysis that went beyond the scope of *Sovereign Soldiers*.

As for the Korean War's effect on Japan's economy, the same analysis makes up my response. Wilson applies the wrong term to describe the sudden rise in foreign demand. While Keynesian economics focuses on stimulus, not all stimulus fits Keynesian economics, including a sudden rise in foreign demand. Setting aside phrasing, though, Wilson's question addresses those historians who have argued that the Korean War essentially bailed Dodge out by reviving the Japanese economy in spite of, not because of, his efforts.⁵⁷ Here, again, we would need a really thorough analysis that went beyond the scope of my book to disaggregate the different variables that became Japan's economic miracle.

To the degree that *Sovereign Soldiers* weighs in on this question, it makes just a few points. For one thing, the economic data suggest a much smaller recession following the implementation of Dodge Line than the historiography reports. While industrial production stagnated through the last six months of 1949, it never declined and, indeed, had started to rise (by 17%) over the six months *prior* to the outbreak of the Korean War. Meantime, unemployment never climbed above two percent, a shockingly low number for even the strongest economy (168-173). So, here, I found a gap between the data and the historiography which, ultimately and unsatisfyingly, I had to leave open-ended.

When Wilson turns to the chapters dealing with the postwar American economy, he characteristically presses again on the key points. Summarizing a great deal of historiography, he writes "several scholars have noted" that "much of the Keynesianism actually implemented during this era was more conservative than the variety championed by Keyserling." Indeed, President Harry S. "Truman himself was not comfortable with deficit spending." In short, Wilson asks what the policy journey through the occupations has to show for itself once brought back to the domestic American economy. Perhaps "there was less of a difference in practice, if not in rhetoric, between the Eisenhower administration and the Democratic administrations that came before and after it."

I had hoped that the main points of these chapters would be a bit more obvious and might speak to exactly the things Wilson knows so well. In any event, Wilson's review follows much of the postwar historiography that I had hoped to challenge, perhaps most directly Michael Hogan's *Cross of Iron*, which Wilson's review appears to echo quite closely. *Cross of Iron* frames the development of the American state as a debate. On one side belonged traditionalists who spoke a "discursive

⁵⁵ Brett W. Fawley and Christopher J. Neely, "Four Stories of Quantitative Easing," *Federal Reserve Bank of St. Louis Review* 95:1 (January/February 2013): 51-88; Arvind Krishnamurthy, Annette Vissing-Jorgensen, "The Effects of Quantitative Easing on Interest Rates: Channels and Implications for Policy," NBER Working Paper No. 17555 (2011); Marco Di Maggio, Amir Kermani, and Christopher Palmer, "How Quantitative Easing Works: Evidence on the Refinancing Channel," NBER Working Paper No. 22638 (2016).

⁵⁶ Milton Friedman, "Counter-Revolution in Monetary Theory," Wincott Memorial Lecture, Institute of Economic Affairs, Occasional paper 33, 1970.

⁵⁷ See, for example, Takafusa Nakamura and Konosuke Odaka (eds.), *Economic History of Japan: 1600-1990, vol 3, Economic History of Japan 1914-1955: a Dual Structure* (Oxford; Oxford University Press, 2009): "At the very point when Japan began to experience virtual strangulation of its economy under the anti-inflation measures of the Dodge Line, war erupted on the Korean peninsula... This Korean War special procurement boom enabled Japan to sweep away the dark clouds of the 'Dodge depression'" (367).

tradition that stretched from the republican ideologies of the Founding Fathers” and favored a small state with limited welfare and warfare capacities. The other side embraced “a new ideology of national security” that emerged from the New Deal and saw a “positive role for the state, not only in the realm of defense but also in...providing full employment and providing basic social services...[all of which were sustained by] the economic theory...of John Maynard Keynes and his American disciples.”⁵⁸ For Hogan, and here Wilson echoes him quite directly, “in spite of his campaign rhetoric, Eisenhower actually had more in common with his predecessor [Truman] than either wanted to admit, with the result being that many of his policies were less a break with the past than a further unfolding of initiatives that had started earlier.”⁵⁹

From my vantage point, Hogan’s analysis evidences a false binary in the historiography of the postwar American state. I tried to signal as much by arguing that “the ‘big government-small government’ debate” often obscures more than it reveals (6). More to the point, the entire narrative of *Sovereign Soldiers* should delineate the development of a third option that did not belong to advocates of either the traditionalist or welfare-cum-warfare state view. Postwar European states followed their own developmental pathways, one of which came back to the United States after passing through Japan and was understood by occupation officials now heading the U.S. government. This third option could embrace the goals of the New Deal (broader welfare provisions, greater infrastructural investment) and the warfare state (massive defense expenditures) without any of the Keynesian economic theory underwriting it. As I show, Eisenhower expanded state capacities on both the welfare and warfare side even while rejecting Keynesian assumptions all along the way. When seen in this light, Eisenhower’s break with Truman amounted to a break with the whole duality that Hogan outlines, not a choice between its two options. The fact that both Truman in his first term and Eisenhower throughout his presidency worked to balance the budget does not mean that they did so for the same reasons, as part of the same broad set of policy priorities, or with the same goals in mind. Moreover, when seen through the longer lens of the occupations, it becomes evident that Eisenhower advanced his policy regime precisely because he believed it would *sustain a strong* state, one that would be robust enough to endure through a Cold War that he assumed would last generations into the future. Indeed, the occupations had taught that low inflation and a balanced budget would support a strong state *better* than deficit spending because, as Eisenhower and the others had concluded, deficit spending always represented a trade-off between short-term goals and long-term stability.

In his reflections on the 1958 recession Wilson notes that “Several scholars fault the Eisenhower administration for an insufficiently Keynesian response to the downturn of 1957-58, causing a ‘double-dip’ recession, with another downturn in 1960-61,” Wilson again goes right to a controversy within the historiography that I thought I had clarified in the book. We can best understand Eisenhower’s second term, I try to show, by going back to something occupation officials realized soon after getting to Germany: the twin goals of managed global finance (as dictated by the Bretton Woods Agreements) and management of the business cycle (as enabled by Keynesian fiscal spending) could never work together.⁶⁰ By 1958 enough dollars had made their way into the global economy that that the Bretton Woods System could finally go into effect. But in the wake of recession, politicians from around the Western Alliance wondered if the U.S. would make a habit of solving economic downturns with deficit spending and inflation. Since the dollar acted as the global reserve currency, and since only the U.S. could print dollars, other countries feared that the U.S. could ‘export’ the inflationary consequences of economic stimulus. Their recourse was to make a run on American gold supplies. Eisenhower’s herculean effort to rebalance the budget in 1959, after the recession had created a shortfall the prior year, aimed to reassure American allies that the U.S. would, in fact, act with fiscal responsibility in its role as global banker. So, while the historiography justifiably

⁵⁸ Michael Hogan, *A Cross of Iron: Harry S. Truman and the Origins of the National Security State* (New York: Cambridge University Press, 1998) 7-8, 10, 26-27 and chapter 7 (in terms of NSC 68). Hogan here sums up a vast amount of historiography that builds on the work of Arthur Schlesinger, Jr., through the organizational synthesis and into today’s discussion of American Empire.

⁵⁹ Hogan, *Cross of Iron*, 367.

⁶⁰ In this sense, they recognized what has come to be called the Mundell-Flemming trilemma. Countries can have at most two of three economic policies: free capital mobility, exchange-rate management, and independent monetary authority. They can never have all three. Eisenhower et al. would have conflated independent monetary authority and fiscal policy geared toward managing employment.

argues that his rush to austerity probably led to a ‘second dip’ recession (and possibly cost Republican Party nominee Richard Nixon the presidential election of 1960), the bigger picture suggests it also shored up support for the Bretton Woods system (until Nixon took a very different approach as President a decade later and, as a consequence, saw the end of that system). Perhaps even more interestingly, the episode reveals a rare moment when an American president placed international economic stability ahead of the domestic economy. Thus, I conclude, Eisenhower “never really engaged in the fight between American liberals and conservatives. His political economy fit a global context where he never lost his focus” (244).

Finally, let me turn to Barnes and thank her for her thoughtful analysis, but even more for the timely publication of her book *Architects of Occupation*, which conveniently appeared at a very helpful moment in the writing of *Sovereign Soldiers*.⁶¹ In general, I found myself agreeing with her observations and concerns and wishing I could have done a little more to speak to them in the book.

In her summary of *Sovereign Soldiers*, Barnes offers a fair assessment of the narrative, with one very small exception. She writes “that growth and stability [in Germany and Japan] were due to American generals and banker-advisors who taught the Germans and Japanese fiscal responsibility,” which is basically my claim but, as I have explained above, the more accurate pathway starts with German experts teaching American generals, not the other way around.

Consistent with the other reviewers, Barnes fears that “Focusing on the agency of military figures at times creates the impression that U.S. policy was led by the decisions of military officials in the moment rather than being a broad definition of national interest shaped by a range of stakeholders.” As noted above, in an effort to make my point I probably overstated the role of military leaders in the ‘external state’ and did not go far enough in recognizing that military government belonged to a longer tradition and felt the influence of many stakeholders (both within and outside the military itself). Along those lines, she argues that my biographical focus specifically gives too much credit to Dodge for the economic miracle that followed in Japan. This was not my intention. I tried to communicate that the stability he advocated amounted to a necessary precondition but not a sufficient explanation for the economic growth that Japan enjoyed over the following decades. In other words, I agree with Barnes that both Germany and Japan “were already established major economic powers before they were occupied, with experienced economists and businessmen of their own” and that growth had as much to do with “continuity between pre- and post-war economic structures and policies” as with departures from it. Indeed, I assumed a fair amount of continuity between prewar and postwar economic structures in Japan. But I did a better job of elaborating that point in the context of the German occupation. Regardless, Barnes’s point about structural continuity underlines the historical question of what changed between the moribund years that followed war’s end and the economic miracles that began in both Japan and Germany after about 1950. The consistent independent variable seems to be the implementation of the policy regime at the heart of my analysis.

Barnes is correct that my book does not adequately engage “with the legacy of colonialism, religious bias, or racism, all of which were significant in the occupation of Japan.” These are important issues that I neglected mostly as a matter of focus. She is also correct in noting that “the occupation authority supported a particular type of order based on American interests, to the detriment of some groups in Japan and the region.” As I mention above in response to Cox, I again agree with Barnes and appreciate the way her review essentially extends Cox’s concerns to all policymaking. A thorough and fair assessment of the occupations’ legacies should consider those who won and lost along a wide variety of dimensions, with class, race, and religion heading what would eventually make a long list. As I wrote above, and again as a matter of focus, I tried not to introduce thematic issues that I felt unprepared to defend in a book that, as Barnes acknowledges, already tries to cover a great deal of ground. But that does not detract from her observation that race and religion, particularly in the context of the Japanese occupation, do not get the attention they deserve.

⁶¹ Dayna L. Barnes, *Architects of Occupation: American Experts and the Planning for Postwar Japan* (Ithaca: Cornell University Press, 2017).

Finally, let me again thank Stephen Bourque, Ronald Cox, Mark Wilson and Dayna Barnes for their thoughtful engagement with *Sovereign Soldiers*. Also, my thanks go to William Hitchcock for moderating this roundtable and to Thomas Maddux and the editors at H-Diplo for their patience with me in bringing it to fruition.