

# *Domestic Politics, International Pressure, and the Allocation of American Cold War Military Spending*

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Although foreign policy choices, especially on security questions, are often treated as autonomous state responses to international pressures, these events and conditions do not affect society in a uniform way. International conditions influence policy, but their implications depend on the interests of the domestic political faction controlling the state. Because decisions about military strategy and force structure are closely linked to the international balance of power, they offer an especially demanding test of this argument. This article offers evidence that Republican and Democratic presidents systematically differed on the allocation of resources within the Pentagon during the Cold War. Republicans directed spending toward strategic forces, while Democrats stressed conventional forces. Furthermore, although Soviet gains in relative nuclear capabilities influenced Democrats' decisions about strategic forces, they had little or no influence on Republican choices. These differences make sense in light of research on the two parties' societal constituencies.

American Cold War military strategy is usually explained as a straightforward response to international events and conditions. On the other hand, a few scholars have suggested that Democrats and Republicans preferred different strategies and force structures during the Cold War (Gaddis 1982; Jacobson n.d.; Mintz 1988; Schurmann 1974). They contend that Republican presidents favored strategies stressing air power and nuclear weapons, while Democratic presidents focused on conventional forces. This paper presents a statistical test of these partisan differences over strategy and force structure.<sup>1</sup> An analysis of the Department of Defense budget suggests that not only did the two parties

An earlier version of this paper was presented at the 1999 annual meeting of the International Studies Association. The author thanks Edwin Aguilar, Scott Barclay, Thomas Birkland, Marijke Bruening, Jennifer Jensen, David Lowery, Gerald Marschke, Timothy McKeown, David Skidmore, and participants in colloquia at the University at Albany, New York University, Bucknell University, and the University of Texas at Austin. I am especially grateful for the comments of William Berry.

<sup>1</sup>Mintz (1988, 115) also finds statistical evidence of partisan differences over spending on personnel, operations and maintenance, and procurement. However, he attributes these differences to more frequent Democratic involvement in wars. The analysis presented here will use budget categories more closely related to strategic choices and will control for the effect of war on the allocation of the military budget.

have divergent preferences about the allocation of military spending, but they also responded differently to change in the international balance of power.

The existence of partisan differences over strategy and force posture challenges the claim that at least some central core of the state responds autonomously to the imperatives of the international system (e.g., Ikenberry 1988; Krasner 1978; Mastanduno, Lake, and Ikenberry 1989). Although the realist and statist writers who have made this claim differ in many ways, they agree that the policy implications of international conditions can be specified apart from the interests of any particular domestic actor. As McKeown (1986, 43–44) puts it, this approach can be understood as “a bet that (ideally, at least) analysts will be able to identify a set of antecedent environmental conditions with sufficient precision that one and only one response will follow from each environmental condition.”

Scholarship critical of the realist-statist approach does not usually claim that international conditions do not influence foreign policy choices. Instead, it holds that the policy implications of international events and conditions depend on the domestic political faction controlling the state. Researchers in this tradition differ over the best way of specifying the domestic factions, but agree on the centrality of domestic political conflict over the appropriate response to the international environment (e.g., Cox 1994, 1996; Gibbs 1991; Kurth 1979; Nowell 1994; Trubowitz 1998).

The existing literature suggests that the domestic political conflict approach works best on economic issues and that realist and statist arguments best explain security issues. Most of the domestic political conflict literature has focused on foreign economic policy or closely related security issues such as the defense of international investors.<sup>2</sup> While this research is important, a stronger test of the domestic political conflict approach is possible. Statist writers like David Lake argue that evidence supporting their approach on trade issues demonstrates its broad strengths, since policy in this area is generally thought to be determined mainly by societal demands for protection (1988, 56). By the same token, evidence of political conflict over crucial security issues strongly supports the domestic political conflict approach.

American Cold War decisions about military strategy and force posture should be a strong case for the realist-statist approach. No area of state policy is more closely linked to the demands of the international balance of power. Balance of power theory is indeterminate on many specific foreign policy issues, but its implications are fairly clear in this area. Research on arms races links specific changes in military spending and stockpiling by foreign adversaries to equally specific state responses (e.g., Lambelet 1973; McCubbins 1983; Ostrom and Marra 1986; Richardson 1960). Furthermore, the bipolar international system prevailing during the Cold War prevented the United States from free riding on

<sup>2</sup> Exceptions focusing on broader foreign policy issues include Devereux (1996), Fordham (1998b), Papayouanou (1997), Rosecrance and Stein (1993), and Trubowitz (1998).

its allies, which would have had difficulty altering the international balance of power on their own. Much of the existing research also finds that Congress has relatively little influence over strategic programs and military procurement (e.g., Huntington 1963; Mayer 1991). Ostensibly autonomous executive branch decision makers play the leading role. If the imperatives of the international system are not relatively unambiguous on this question, it is difficult to imagine where they would be.

This article will first present historical evidence establishing the plausibility of partisan patterns on military strategy and force posture during the Cold War. It will then present a statistical test of partisan differences over the allocation of the military budget and the appropriate response to shifts in the strategic balance with the Soviet Union.

### Parties and Force Structure

Why would political parties differ on military force structure? The fact that competing parties represent different societal constituencies suggests at least two possible sources of conflict. First, their societal constituencies might not share the same priorities concerning the values that national security policy should protect. Different force structures are better suited for defending different values. Second, the parties' differences on other issues might have implications for force structure. Some force structures are more expensive than others and thus have different effects on taxation, fiscal policy, and the resources available for other policy priorities. Although these two sources of partisan differences are analytically distinguishable, they are part of the same coalition-building process. A coalition containing constituencies making conflicting demands would be difficult to maintain. Not surprisingly, the positions on military strategy and force structure the two parties developed during the early Cold War era were consistent with the demands of their societal constituency and their positions on other issues.

There is historical evidence of both divergent foreign policy interests and party differences on other issues with implications for force posture. First, the Democratic and Republican coalitions supported different foreign policy priorities. The Democratic party was more uniformly committed to an internationalist foreign policy than was the Republican party during the early Cold War era. Ferguson (1984, 1995) and Frieden (1988) argue that the New Deal coalition that led the Democratic party from the 1930s through the 1970s represented the interests of capital-intensive, internationally competitive businesses and internationally oriented banks. Individuals sharing these interests were well represented in the Truman administration. Bankers and lawyers from New York and Washington who helped make foreign policy under Harry Truman include Dean Acheson, James Forrestal, Averell Harriman, Robert Lovett, Paul Nitze, and John McCloy (Burch 1980). Aside from their own financial interests, their view of the world was clearly shaped by their background, professional expe-

riences, and social networks, all of which deepened their commitment to internationalism.

During the late 1940s and early 1950s, foreign policy makers in the Truman administration were concerned not only with the security of the continental United States, but also with the establishment and maintenance of an international order open for American trade and investment, especially in Western Europe and Japan. Even before the Soviet acquisition of the atomic bomb, they worried that the U.S. commitment to the defense of Western Europe would not be credible unless backed by a large conventional military force. Although efforts to implement a universal military training program in the United States failed, the Truman administration ultimately secured much greater military spending and a larger force after the beginning of the Korean War.<sup>3</sup>

Although national security and the preservation of a favorable international economic and political order were inseparable for most Truman administration policy makers, the same was not true for important elements of the Republican party. The principal opponents of the Truman administration's ambitious foreign policy were conservative Republicans concerned about its impact on the national budget as well as its potential for involving the United States in a war to protect the security of Europe. For them, air power and atomic weapons promised an economical defense of the United States. While few openly advocated the abandonment of American allies in Western Europe and Japan, Republicans were willing to tolerate greater risks than was the Truman administration. This set of positions is consonant with the interests of the domestically oriented, labor-intensive industries linked to the conservative wing of the Republican party (Cumings 1990; Eden 1984; Fordham 1998a, 1998b; Hogan 1987, 1998; Papayaoanou 1997). Even though these elements of the party failed to nominate Robert Taft for president in 1952, they remained influential. The Eisenhower administration's "New Look" permitted a smaller military budget by planning to use nuclear weapons in a much wider range of situations and focusing primarily on deterring Soviet aggression with strategic nuclear forces.

The two parties' macroeconomic policy differences also had important implications for force structure. Given the need to maintain a coherent coalition, it is not surprising that these differences point to the same partisan positions on force structure as the parties' different foreign policy interests. Hibbs (1977, 1987) and others have argued that postwar Republican presidents were more concerned about inflation than were Democratic presidents, who focused instead on minimizing unemployment. There is controversy about whether presidents have been successful in manipulating the economy (e.g., Williams 1990) and about whether the differences between the two parties are more important

<sup>3</sup> On the 1948 campaign for universal military training, see Eden (1984, 1985); Friedberg (2000), 154–72; and Hogan (1998), 119–58. Concerning the military buildup associated with NSC 68 and the Korean War, see Block (1980); Fordham (1998b), 41–74; Gaddis (1982), 89–126; Leffler (1992), 355–60, 369–74; and Pollard (1985).

than the differences between individual presidents (Beck 1982; Hibbs 1983). However, even those who level these criticisms generally agree that Democratic and Republican presidents have generally focused on different macroeconomic outcomes. The attitudes of the two parties on fiscal and monetary policy are generally attributed to their different constituencies. While the Democratic party has represented the interests of organized labor and low-income groups harmed more by unemployment than by inflation, higher income groups harmed more by inflation than by unemployment have tended to back the Republican party.

Historians such as Gaddis (1982, 355–56) suggest that these differences had important defense policy implications. For example, the Eisenhower administration consistently sought to balance the national budget and avoid inflation, even when it meant deferring defense policies that many in the administration considered important. Since a large conventional force was too costly, Eisenhower's desire to avoid a budget deficit meant a greater reliance on nuclear weapons and air power (Aliano 1975, 26–31). Recent research indicates that even though administration officials began to worry in 1957 about their inability to respond to international contingencies with conventional forces, budgetary concerns ruled out a policy change (Roman 1995, 82; Watson 1997, 110–12).

During the Cold War, Democratic presidents were more willing than Republicans to engage in deficit spending in order to fund both domestic and international programs. An alliance of Keynesian economic policy makers and advocates of larger military budgets played a role in promoting major military buildups under both the Truman and Kennedy administrations. NSC 68's call for rearmament in 1950 found important support from Leon Keyserling, the chairman of the Council of Economic Advisers, who argued that the economy could sustain the military buildup (Fordham 1998b, 35–36, 56–57; Gaddis 1982, 93–94). Similar arguments in support of greater military spending were made during the Kennedy administration (Collins 1981, 178–80; Haffa 1984, 27).

These complementary features of the parties supported different national security policy choices for Democratic and Republican presidents. Reliance on nuclear weapons and air power rather than conventional forces carried some risks. However, this force structure was substantially less expensive and did not interfere with the Republicans' preferred fiscal policy. Furthermore, tolerating the risks of relying on nuclear weapons found greater political support in the Republican party than it would have in the Democratic party. Presidents are not free to ignore these political pressures. Whatever their private views on the appropriate force posture, Truman and Eisenhower, like all presidents, had to select a policy for which they could mobilize enough political support to ensure its own implementation, the continuation of support for their other policies, and perhaps their own reelection.

In addition to continuity in the societal coalitions the two parties represented, the demands of staffing the new institutions of the postwar national security state helped maintain the party differences that emerged during the

early Cold War era. Like other areas of national policy, the formulation and implementation of defense policy require special expertise and experience. Those responsible for foreign and defense policy under the last administration of the same party have both the requisite talents and appropriate political loyalties for a new administration. Not surprisingly, many high-ranking defense and foreign policy officials in the executive branch during the Cold War had served in previous administrations, usually of the same party.<sup>4</sup> Often these officials had built their careers on the policies they had helped develop in a previous administration. When they returned to the executive branch under a new administration, they had every reason to retain basic assumptions about strategy and force posture formed early in their careers. The necessity of relying on officials from previous administrations of the same party helped transmit the partisan preferences of the first two decades of the Cold War to later administrations. It is quite possible that these officials were unaware that they were continuing a pattern of partisan conflict over national security policy. They merely adopted the policies they believed were best. Nevertheless, even if the officials in question were not particularly partisan, the selection process that put them in office was.

Partisan selection processes during the early Cold War era shaped the defense policy views that characterized the pool of experts associated with each party. Presidents tended to remove officials who disagreed with prevailing administration policy and to promote those who instead supported their program. For example, before the decision to increase the military budget associated with NSC 68, there was a faction within the Truman administration that favored maintaining a smaller military force. Louis Johnson, the secretary of Defense when NSC 68 was written, as well as Frank Pace, the director of the Bureau of the Budget, and Edwin Nourse, the chair of the Council of Economic Advisers, had all successfully pressed for cuts in military spending during fall 1949. Similarly, George Kennan had argued that a large military force was not necessary to carry out his vision of containment. When administration policy changed in spring 1950, all four fell from favor. None served in a subsequent administration.<sup>5</sup> Similar selection processes took place under the Eisenhower administration, where the stress on strategic over conventional forces led Army Chief of Staff Maxwell Taylor to write a sharply critical book on the subject after leaving the Army. In some cases, such as that of Taylor, whom Kennedy selected to

<sup>4</sup>The Reagan administration contained an unusual number of exceptions to this generalization, including officials from the Kennedy and Johnson administration, such as Paul Nitze, who were disillusioned with the foreign and defense policies of the Carter administration (Cumings 1982, Sanders 1983).

<sup>5</sup>On the conflict over military spending in the fall of 1949, see Fordham (1998b, 25–40). Johnson was fired in September 1950. Pace was removed from the Bureau of the Budget and made Secretary of the Army, where he changed his views about military spending. Nourse resigned in November 1949. Kennan was replaced by Paul Nitze as director of the Policy Planning Staff in the State Department and left government service entirely in mid-1950.

be chairman of the Joint Chiefs of Staff, dissenting officials have found a home in the opposite party.

As Maxwell Taylor's case suggests, these political currents were not confined to civilians. When one party favored the mission or budget of a particular faction within the military, officers associated with that faction developed an understandable preference for that party. In spite of military norms about non-partisanship and deference to civilian authority, no policy maker with strong opinions about strategy and force structure could escape the need to choose sides—and thus parties—in this debate. Although uniformed military officers were more insulated from partisan politics than were civilian officials, they nevertheless appear to have developed informal party ties. There is evidence that factions within the military services complemented the partisan differences over strategy and force structure. Janowitz (1960, 288–91) and Betts (1977, 82–83) have observed that Army and Air Force officers who served in the Pacific during World War II under Douglas MacArthur or Curtis LeMay tended to favor strategies stressing Asia rather than Europe. The same group of officers also tended to favor strategies of “absolute war,” which included the employment of nuclear weapons as an ordinary part of the arsenal and the rejection of limitations on the use of force such as those observed during the Korean War. This perspective closely corresponded to the national security policy of the Eisenhower administration. Conversely, officers who served in Europe during World War II were more likely to favor limited war strategies and to stress the need to ensure security of Western Europe with conventional forces, a view that matched the one prevailing in the Democratic party.

From the perspective of Democratic and Republican presidents during the Cold War, not all the services were equally sympathetic. The Republican perspective was most likely to gain approval among officers from the Air Force and Navy because it accorded them the most important missions and the largest budgets. The Democratic perspective received the most favorable hearing from Army officers because their service gained the most from a strategy stressing conventional forces. As Table 1 indicates, service considerations appear to have influenced the selection of the chairman of the Joint Chiefs of Staff. Republican presidents have appointed all of the naval officers and two of the three Air Force officers who have held this position. Five of the six officers whom Democratic presidents have appointed have been from the Army. The chi-squared test on this table indicates that this pattern is unlikely to have occurred by chance alone.

Many of the major military procurement decisions of the 1970s and 1980s suggest that the pattern of partisan conflict over strategy and force structure evident in the first two decades of the Cold War persisted. Smoke (1984, 212) notes that the Carter administration focused on strengthening conventional forces. Part of this emphasis included cancellation of the B-1 bomber and deferred development of the MX missile (Kotz 1988; Smoke 1984, 204–10). (Carter eventually proposed full-scale development of the MX missile, but only as part



TABLE 1  
Democratic and Republican Appointments  
to Chair the Joint Chiefs of Staff

Party of President	Army	Service of CJCS	
		Air Force	Navy
Democrat	5	1	0
Republican	3	2	3

$H_0$ : The President's party has no effect on the service of officer selected to be the chairman of the Joint Chiefs of Staff.

Chi-squared = 7.10 (2 degrees of freedom);  $p = 0.023$ .

*Chairmen of the Joint Chiefs of Staff:*

General of the Army Omar N. Bradley, USA (16 August 1949–15 August 1953)

Admiral Arthur W. Radford, USN (15 August 1953–15 August 1957)

General Nathan F. Twining, USAF (15 August 1957–30 September 1960)

General Lyman L. Lemnitzer, USA (1 October 1960–30 September 1962)

General Maxwell D. Taylor, USA (1 October 1962–1 July 1964)

General Earle G. Wheeler, USA (3 July 1964–2 July 1970)

Admiral Thomas H. Moorer, USN (2 July 1970–1 July 1974)

General George S. Brown, USAF (1 July 1974–20 June 1978)

General David C. Jones, USAF (21 June 1978–18 June 1982)

General John W. Vessey, USA (18 June 1982–30 September 1985)

Admiral William J. Crowe, Jr., USN (1 October 1985–30 September 1989)

General Colin L. Powell, USA (30 September 1989–1 October 1993)

General John M. D. Shalikashvili, USA (25 October 1993–30 September 1997)

General Henry H. Shelton, USA (1 October 1997–)\*

*Source:* Trask, Robert R., and Alfred Goldberg. 1997. *The Department of Defense, 1947–1997*. Washington, DC: Office of the Secretary of Defense, Historical Office.

*Note:* The position was created by the 1949 amendments to the National Security Act of 1947. The list excludes Admiral David E. Jeremiah, USN, who was acting CJCS from 1 October 1993 until 24 October 1993.

\*General Shelton retired on September 30, 2001, after this article was completed, and was replaced by General Richard Myers, USAF.

of a futile effort to gain Senate approval of the SALT II agreements.) The Reagan administration's resurrection of the B-1 bomber program and its development of the strategic defense initiative are also in keeping with the Republican emphasis on strategic systems. Ferguson and Rogers (1986, 147–53) note that the Reagan administration's Democratic opponents favored strategies and weapons systems that stressed conventional forces, tactical air power, and the defense of Europe. Although these positions were justified on their own terms, usually as responses to international events and conditions, they also upheld priorities associated with the two parties.



What is one to make of the historical evidence summarized here? By themselves, these anecdotes are not enough to establish the persistence or importance of partisan patterns in strategy and force structure. Skeptics might dispute these characterizations of particular administrations. They might cite incidents and arguments suggesting that other considerations, particularly the arms race with the Soviet Union, explained particular decisions. The historical evidence presented here can only establish the plausibility of a partisan pattern in the allocation of the Pentagon budget. The next section will propose a more rigorous statistical evaluation of whether this pattern really existed. If decisions about the allocation of the Pentagon budget were idiosyncratic or influenced only by external events and conditions, such a pattern is unlikely. Moreover, the fact that Democratic and Republican presidents changed their views on national security policy over time makes statistically significant party effects on the allocation of military budget even less likely. It does not bias the analysis in favor of the hypotheses proposed here.

### Modeling Trade-offs in Military Spending

This section presents a model of the share of the military budget accorded to strategic forces. The purpose of the model is to determine whether the pattern of party differences suggested by historical research really existed and whether Democratic and Republican presidents responded differently to changes in the strategic balance with the Soviet Union. Because partisanship is obviously not the only factor that influences decisions about force posture, the model will also include several other considerations.

The most common approach to modeling budgetary trade-offs is to treat one budget category as a function of another category and a set of exogenous variables. When the budget categories are significantly related to one another, one can infer that there is a trade-off between them. This approach, which Berry and Lowery (1990) aptly label “regress one category on another” (ROCOA), has often been used to test for a trade-off between defense and social welfare spending. Unfortunately, it can only test for the existence of a trade-off between budget categories. The argument presented here concerns the causes of the trade-off. It requires a model capable of testing whether partisanship helps explain the allocation of the military budget.

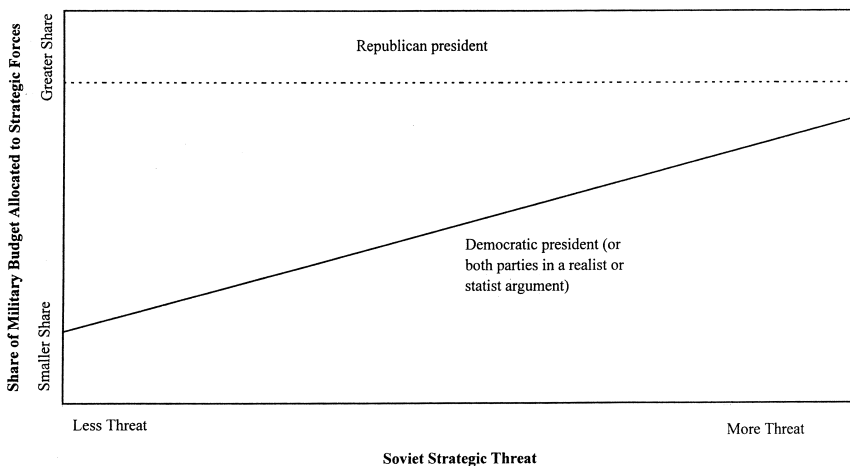
Berry and Lowery (1990) present an alternative approach that permits this test. Rather than modeling the two expenditure categories separately in a system of equations, they model the relationship between the shares each category receives in the budget. The difference between these shares can be modeled as a function of a set of exogenous variables in a single equation. Like most research on budgeting, Berry and Lowery assume that budget processes proceed incrementally, using the previous year’s budget as a base onto which cuts or additions are made. Policy makers focus on how much the budget should be cut or increased rather than on the total amount allocated. The models presented

here share this assumption. Thus, the figures used in the analysis are not the total amounts allocated to each category in a given year, but the incremental change in each one since the previous year's budget.

The three principal hypotheses tested here concern the influence of the administration's party on the share of the increase (or cut) in the military budget accorded to strategic forces. Figure 1 depicts the hypothesized relationships graphically. First, if the patterns discussed here really hold, strategic forces should have received a greater share of a spending increase, or a smaller share of a budget cut, under Republican presidents than under Democrats. Second, Republican presidents' allocation of the military budget should not respond to changes in the strategic balance with the Soviet Union. Because historical evidence suggests that Republicans sought to substitute strategic for conventional forces, they should favor strategic forces regardless of changes in the strategic balance. Third, Democrats should respond to Soviet gains in strategic forces by shifting the military budget toward strategic forces. Because Democrats preferred to focus on conventional forces, they should focus on strategic forces only in response to Soviet gains. Realist and statist arguments suggest that the parties should not differ, but instead that all presidents should respond to Soviet gains by shifting resources to strategic forces. This position implies a single, upward-sloping line for both parties in Figure 1.

FIGURE 1

Hypothesized Relationships Between Party, Strategic Threat, and the Military Budget



The model suggested by Figure 1 can be expressed as follows:

$$SFSHARE_t = b_0 + b_1 PARTY_{t-1} + b_2 [PARTY_{t-1} * SOV_{t-1}] \\ + b_3 SOV_{t-1} + b_4 OTHER_{t,t-1} + e_t$$

$SFSHARE_t$  represents the share of the change in total obligational authority allocated to strategic forces compared to other budget categories in fiscal year  $t$ .<sup>6</sup>  $PARTY_{t-1}$  is the party of the administration in year  $t - 1$ , when the budget for fiscal year  $t$  is developed. (In the empirical analysis, this will take the form of a dummy variable coded "1" when Democrats control the White House and "0" when Republicans do.)  $SOV_{t-1}$  is the information available to planners about Soviet military posture during year  $t - 1$ .  $OTHER_{t,t-1}$  is a vector of other variables that influence the budgetary process either during planning in year  $t - 1$  or implementation in year  $t$ . The remaining terms,  $b_0$ ,  $b_1$ ,  $b_2$ ,  $b_3$ , and  $b_4$ , are coefficients, and  $e$  is the error term. The interaction term,  $PARTY_{t-1} * SOV_{t-1}$ , tests whether Democratic and Republican administrations responded differently to shifts in the strategic balance with the Soviet Union.

Another way of getting at the hypothesized partisan differences in force structure would be to construct a model of the share of obligational authority accorded to general purpose forces as opposed to other areas of the budget. Given their greater emphasis on conventional forces, Democrats should allocate more to this budget category. However, general purpose forces, as their name implies, are not as closely related to a particular mission or strategy as strategic forces are. Spending in budget categories other than strategic and general purpose forces is more likely to be related to conventional than to strategic missions, which obscures the relationship between general purpose forces and strategies stressing conventional forces.<sup>7</sup> The trade-off between general purpose forces and the rest of the budget is thus likely to be far less clear than the trade-off between strategic forces and other categories.<sup>8</sup>

<sup>6</sup>Obligational authority refers to financial obligation that the Department of Defense is authorized to incur for military procurement and other expenses. Spending and obligational authority differ because the obligations incurred in one fiscal year might not be paid until later, when the items contracted are actually produced and delivered.

<sup>7</sup>For most years, the other functional categories are intelligence and communications; airlift and sealift; guard and reserve forces; research and development; central supply and maintenance; training, medical, and other general personnel activities; administration and associated activities; and support for other nations. Strategic and general purpose forces are by far the largest categories in every case. The nonprogram budget categories most often used to discuss the allocation of the military budget within the Pentagon, such as "personnel," "procurement," and "research and development," have an even more ambiguous relationship to strategic decisions than does the category "general purpose forces."

<sup>8</sup>Another option is to model the split between strategic and general purpose forces, omitting the rest of the budget. Such a model produces results very similar to those presented here, that is, party and its interaction with the strategic balance are statistically significant. In spite of these similar results, this approach is less theoretically appropriate than the one presented here. As noted above, general purpose forces are less closely tied to a particular mission or strategy than are strategic

### *Measuring the Budgetary Trade-off*

Berry and Lowery (1990) propose two measures of the trade-off between budget categories: one based on the proportion of the total pool each receives, the other on the differences between their shares. In both cases, the pool to be split is the incremental change in the budget over the previous year.

Berry and Lowery's first measure of the trade-off choice is the difference between the two categories' shares as a proportion of the total pool. This measure must be modified when the pool to be allocated is negative—that is, when the overall budget is cut—in order to make it comparable to a score generated when the pool is positive. The indicator is calculated as follows:

If  $STRATEGIC + REST > 0$ , then

$$SFSHARE1 = \frac{STRATEGIC - REST}{STRATEGIC + REST};$$

and if  $STRATEGIC + REST < 0$ , then

$$SFSHARE1 = \frac{REST - STRATEGIC}{STRATEGIC + REST},$$

where  $SFSHARE1$  is the proportion-based trade-off measure,  $STRATEGIC$  is the change in the budget for strategic forces, and  $REST$  is the change in the rest of the defense budget. The sum of the incremental shares received by strategic forces and the rest of the budget will be equal to the total increase or decrease in total obligational authority.

Paraphrasing Berry and Lowery's (1990, 685) description of the properties of this indicator, a score of zero reflects an even trade-off between strategic forces and the rest of the budget; a score of +1 indicates that strategic forces get all of an increase in defense spending or none of a cut in spending; a score of -1 means that strategic forces get none of an increase in defense spending or all of a decrease; a score of greater than +1 indicates that strategic forces get more than the size of an increase in spending, or an increase when the total

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forces. They include elements that would be necessary to any strategy, and other components of the budget include parts that should be considered part of conventional forces. Moreover, treating these two categories as if they constituted a pool analytically separable from other defense spending categories requires the unrealistic assumption that the total military budget is first divided between these two and the other expense categories, with a decision concerning how much to allocate to strategic forces relative to general purpose forces made only afterward. An allocation is more likely to be made across all categories simultaneously. For example, one can readily imagine an administration reducing research and development in order to fund additional general purpose forces. Such an action would distort the measure of the trade-off between strategic and general purpose forces.

budget is cut; and a score less than  $-1$  means that the rest of the budget gets more than the total increase in defense spending, or an increase when the total budget is cut.

One unfortunate feature of the proportion-based measure is that it can indicate a very large trade-off when the size of the pool to be split is small. For example, its largest value,  $-80.31$ , occurs in fiscal 1965, when total obligatory authority increased by only \$0.27 billion in 1992 dollars, a relatively small change. At the same time, the Johnson administration cut strategic forces by \$10.59 billion while increasing the rest of the budget by \$10.86 billion. Similarly large values of 26.60 in fiscal 1957 and  $-25.01$  in fiscal 1987 also resulted from the imposition of large trade-offs within very small pools. Although these values reflect real changes in the budget, their magnitude is several times greater than the next largest figure,  $-4.72$  in fiscal 1988. This enormous numerical difference may not accurately reflect the true political dynamic and will greatly influence estimation. In order to correct for the influence of these three aberrant fiscal years, the model includes dummy variables for each of them.

Recognizing this potential problem, Berry and Lowery (1990) present a second measure of the budgetary trade-off. They note that an indicator relying on the square roots of the shares accorded each category has a number of desirable properties (685–87). Of greatest importance here is that it indicates steep trade-offs without producing large outliers.

If  $STRATEGIC > 0$  and  $REST > 0$ , then

$$SFSHARE2 = \sqrt{STRATEGIC} - \sqrt{REST};$$

if  $STRATEGIC < 0$  and  $REST < 0$ , then

$$SFSHARE2 = \sqrt{|REST|} - \sqrt{|STRATEGIC|};$$

if  $STRATEGIC > 0$  and  $REST < 0$ , then

$$SFSHARE2 = \sqrt{STRATEGIC} + \sqrt{|REST|};$$

and if  $STRATEGIC < 0$  and  $REST > 0$ , then

$$SFSHARE2 = -[\sqrt{|STRATEGIC|} + \sqrt{REST}],$$

where  $SFSHARE2$  is the difference-based trade-off measure. The characteristics of this trade-off measure are similar to those of the proportion-based indicator. When it is zero, strategic forces and the rest of the budget split additional spending or budget cuts evenly. When it is positive, strategic forces receive a larger increase or a smaller cut than the rest of the budget. When it is negative, the rest of the budget receives a larger increase or a smaller cut than strategic

forces. The two trade-off measures are closely related. Excluding the outliers, their correlation is 0.77. (The correlation falls to 0.39 if they are included.)

### *Measuring the Soviet Threat*

Specifying pressures from the international system is usually very difficult. This difficulty often leads to an analytical focus on *perceived* threats rather than specific external conditions. The trouble with this treatment of international threat is that it severs the link between the environment and state behavior crucial to the realist approach. The difficulty in finding an appropriate indicator is not simply a technical problem. It suggests that the concept of “international threat” remains in need of refinement. Although the arms race literature does not entirely solve this problem on questions of military force posture and resource allocation, it offers a range of theoretical arguments and empirical research that greatly alleviate it.

Following the pioneering work of Richardson (1960), subsequent research on arms races has examined relationships between the overall military budgets or arms stockpiles of rival states. Much of this research has included the United States and the Soviet Union (e.g., Domke, Eichenberg, and Kelleher 1983; Fischer and Crecine 1981; Fischer and Kamlet 1984; Wallace 1980). Several refinements introduced in this literature are relevant to the model presented here. First, McCubbins (1983) shows that arms races involve stocks of weapons with competing policy purposes rather than simply overall military strength. Aggregate Soviet military spending does not reflect changes in those capabilities relevant to American strategic programs. Because one of the most important purposes of American strategic forces was to provide a secure second-strike capability in order to deter a potential Soviet first strike, Soviet strategic nuclear capabilities should influence the Pentagon’s decisions about whether to concentrate its resources on strategic forces. While strategic forces have other potential uses, it is reasonable to expect some relationship between U.S. and Soviet strategic capabilities.

Another useful insight from the arms race literature is that competition is likely to focus on shifts in relative capabilities rather than simply changes in the adversary’s stockpile (Ostrom and Marra 1986; Ward 1984). Maintaining an edge in nuclear capabilities was not only important for deterrent purposes, but was often thought to carry other strategic advantages. While there may be good reasons to doubt the actual usefulness and importance of nuclear superiority, successive concerns about a “bomber gap,” “missile gap,” and “window of vulnerability” were a staple of Cold War foreign policy in the United States. It makes sense to suppose that American policy makers paid attention to changes in the gap between their own and Soviet nuclear capabilities.

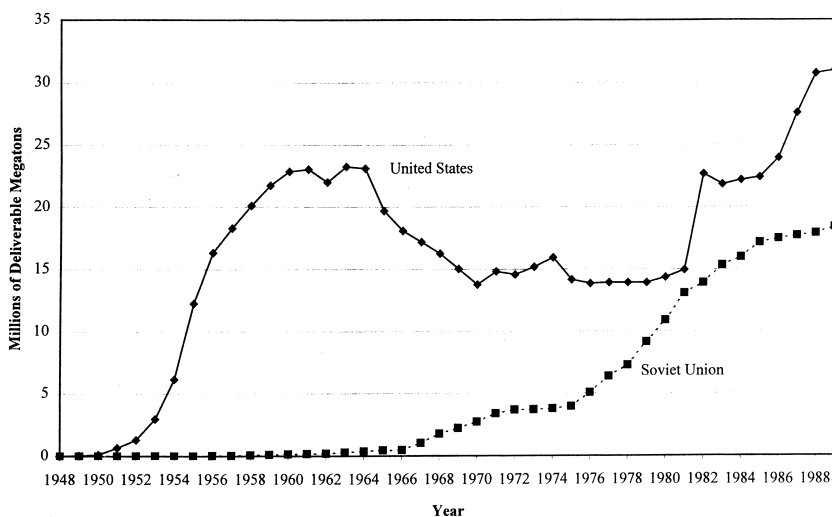
The arms race literature also offers guidance in selecting an operational indicator of strategic nuclear capabilities. First, simple indicators of nuclear ca-

pability, such as the number of warheads, are problematic. Other considerations make a difference, including their range, size, and accuracy. Building on the work of Lambelet (1973), Ward and Davis (1992) constructed indices of nuclear firepower for the United States and Soviet Union that included these considerations, which are presented in Figure 2. They reflect the total nuclear yield each side could deliver, discounting for the accuracy of the weapons used. While no indicator is perfect, the Ward-Davis index is better than simpler measures. As the graph indicates, it also reflects well-known patterns of the Cold War arms race, including the long period of American superiority through the late 1960s, the Soviet gains of the 1970s, and the American buildup of the 1980s.

The models presented here will use the change in the Ward-Davis estimate of deliverable Soviet nuclear firepower as a proportion of the U.S. index to indicate change in the Soviet strategic threat. The gap between Soviet and U.S. nuclear strength must be assessed in proportional terms. The same absolute difference in nuclear firepower during the early 1950s, when the superpowers' nuclear arsenals were relatively small, was more important than during the 1980s, when the arsenals were much larger. Furthermore, only information on Soviet military posture actually available to policy makers could influence planning. The defense budgeting process always began well before the budget was introduced to Congress. In order to represent what policy makers actually knew, the model lags the strategic balance variable two years. For example, the fiscal

FIGURE 2

## Ward-Davis Indices of Deliverable Nuclear Firepower





1949 budget reflects only information available in 1947, when planning for that budget actually began. Lagging the influence of relative Soviet nuclear capability has another advantage. The concentration of Pentagon resources on strategic forces could itself reduce the gap between U.S. and Soviet capabilities. The two-year lag avoids this simultaneity problem, ensuring that the results reflect the influence of previous changes in the strategic balance on current policy rather than the impact of current policy on the strategic balance.

### *Other Influences on the Trade-off*

Although partisanship and the arms race are the central concerns of the model, the literature suggests other considerations that could influence decisions about strategy and force structure. The model specified at the beginning of this section includes a term for these effects. I will only briefly outline them here. The main reason for including them is to avoid a specification error through the omission of other relevant influences.

First, party control of Congress could have effects similar to control of the presidency. Democrats and Republicans in Congress might share the priorities of presidents from the same party. On the other hand, while Congress is quite likely to affect the overall size of the military budget, much of the research on military procurement and the development of strategic programs finds that Congress has little influence on force structure and weapons procurement (e.g., Huntington 1963, Mayer 1991). If so, this effect may not be very important. To test for this relationship and to control for its possible effects, the model includes a variable indicating control of Congress. When the Democrats control both houses, it is coded 1. When they control one house, it is coded 0.5. When Republicans control both the House and Senate, it is coded 0.

Second, presidential election-year budgets might be unusual. In an effort to reach out to marginal voters concerned about strategy and force posture, the president might moderate the trade-off he otherwise would have imposed, spending more evenhandedly. Although few ordinary voters probably understand or care much about force structure, experts on defense and foreign policy and defense contractors pay attention. Because these groups could potentially influence public opinion, presidents have reason to worry about them, especially during election years. Such a moderation in the trade-off implies movement in the opposite direction for Republicans and Democrats. In order to capture an election cycle that varies with the president's party, the model includes a dummy variable indicating election years and an interaction term with the president's party. Because presidents can anticipate an election year, this variable is not lagged.

Next, it is possible that unemployment influenced administration decisions about the allocation of the Pentagon budget. The size of the military budget might tempt politicians to use it to affect the economy. Several previous studies have found evidence to support this hypothesis (Boies 1994; Cusack 1992; Mayer

1992; Mintz 1988). In the context of this model, a president concerned about unemployment probably should shift military spending away from strategic forces and toward more labor-intensive areas of the budget. Like the other variables representing information available when the budget was actually being planned, unemployment is lagged two years.

Finally, the model includes a variable reflecting American involvement in large-scale conventional wars in Korea and Vietnam. For obvious reasons, these wars increased spending on conventional forces (Boies 1994; Mintz 1988). Such a spending increase might have affected the trade-off between strategic forces and the rest of the budget. The model uses the annual number of battle deaths to indicate the intensity of American involvement in Vietnam and Korea. Because spending for the wars in Korea and Vietnam began immediately and was added to the budget for that fiscal year through supplemental appropriations, this variable is not lagged.

TABLE 2  
Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Dev.
<b>Trade-off Measures:<sup>a</sup></b>				
Proportion-based	-80.31	26.60	-1.85	13.43
Excluding outliers	-4.72	3.70	-0.07	1.75
Difference-based	-9.44	6.58	-0.46	4.10
<b>Party of President:</b>				
Democrat = 1; Republican = 0	0	1	0.42	0.50
<b>Soviet Strategic Threat:</b>				
Change in Soviet deliverable nuclear firepower as a proportion of U.S. deliverable nuclear firepower <sup>b</sup>	-0.26	0.13	0.01	0.06
<b>Other Effects:</b>				
Democratic Control of Congress	0	1	0.84	0.32
Unemployment Rate <sup>c</sup>	2.90	9.70	5.57	1.65
U.S. Battle Deaths in Korea and Vietnam (thousands) <sup>d</sup>	0	13.73	1.59	3.58

*Note:* Information on the coding of each variable is given in the text. The trade-off measures are based on obligational authority figures for fiscal years 1948–1991. One year, 1948, is lost in calculating the incremental change in obligational authority from the previous year.

*Sources:*

<sup>a</sup>Department of Defense Total Obligational Authority by Program from Borklund (1991). The numbers used to calculate these measures are in billions of 1992 dollars.

<sup>b</sup>Ward and Davis (1992).

<sup>c</sup>United States Department of Labor, Bureau of Labor Statistics.

<sup>d</sup>Mintz and Huang (1992).

## Empirical Results

Table 3 presents the empirical results. In addition to the variables already discussed, the model includes a lagged dependent variable. An examination of the autocorrelation and partial autocorrelation functions indicated that first-order autoregressive term produced a white-noise error process for both the trade-off measures. The table contains regressions on both of the Berry-Lowery (1990) trade-off measures discussed in the last section. As noted earlier, the regression on the proportion-based measure includes dummy variables to control for the influence of the extreme outliers.

Both trade-off indices produce similar empirical results concerning the major hypotheses discussed in the last section. Because of the outlier problem with the proportion-based index, the model using the difference-based index is probably preferable. Figure 3 depicts the results from the difference-based indicator in a way that can be readily compared to the hypotheses in Figure 1. First, it indicates that the two parties differed in the expected way under most conditions. In a typical peacetime year, holding all other continuous variables at their means and all other dummy variables at their modes, the model predicts that a Democratic president would impose a difference-based trade-off value of  $-2.47$ , while a Republican would impose a difference-based trade-off of  $2.07$ , as indicated in Figure 3.<sup>9</sup> The implications of the predicted trade-off indices are more easily understood in terms of a hypothetical \$5-billion budget increase. While this pool is slightly larger than the mean, it is not an unusual number.<sup>10</sup> The predicted trade-off indices indicate that, under the specified conditions, a Democratic president would distribute this pool by cutting the budget for strategic forces by \$50 million and allotting \$5.05 billion to the rest of the budget. A Republican president would roughly reverse these priorities, allocating \$4.98 billion to strategic forces and \$25 million to the rest of the budget.

Because the effect of the president's party varied with international conditions, there are circumstances under which the expected party differences are reversed. As Figure 3 shows, a one standard deviation Soviet gain beyond the mean would reverse the expected change in budget priorities. In this case, the model employing the difference-based trade-off indicates that Democratic presidents would allocate \$4.41 billion of a \$5-billion pool to strategic forces. Republican presidents would allocate \$3.37 billion of this pool to strategic forces under the same conditions. The proportion-based and difference-based models predict no partisan differences when the Soviets make gains of 0.058 and 0.064,

<sup>9</sup>This prediction also assumes previous year's budget was divided evenly, producing a trade-off figure of zero, in order to exclude the effect of the lagged dependent variable.

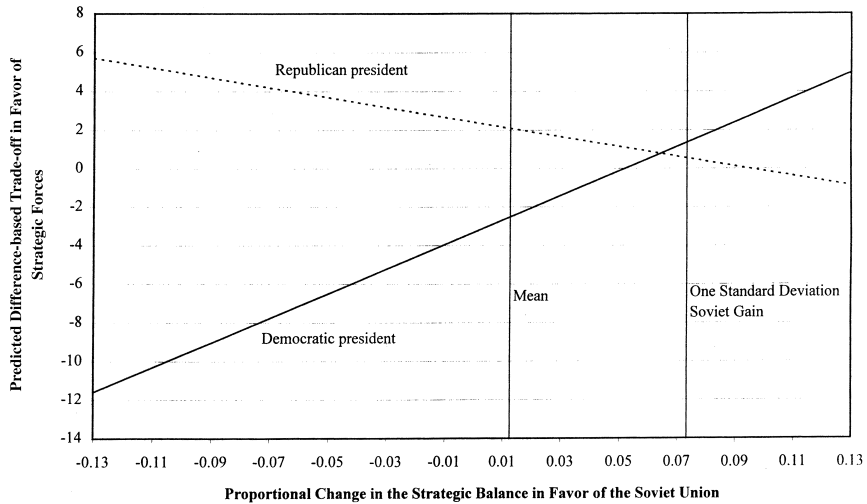
<sup>10</sup>The mean size of the change in total obligational authority was \$4.3 billion, but the size of the pool varied enormously. The standard deviation was \$44 billion. The largest swings were associated with NSC 68 and the Korean War, between the 1951 and 1954 fiscal years. When these years are excluded, the standard deviation falls to \$16 billion and the mean falls to \$2.73 billion.

TABLE 3  
Empirical Results

Independent Variables	Budgetary Trade-off Measure:	
	Proportion-based	Difference-based
<b>Party of President:</b>		
Democrat = 1; Republican = 0	-1.83* (0.60)	-5.72* (1.20)
<b>Soviet strategic threat:</b>		
Change in Soviet deliverable nuclear firepower as a proportion of U.S. deliverable nuclear firepower	-6.25 (4.65)	-25.40* (9.72)
<b>Interaction term:</b>		
Party of president and Soviet threat	31.56* (12.45)	89.04* (26.01)
<b>Other Effects:</b>		
Fiscal 1957 outlier	25.75* (1.63)	
Fiscal 1965 outlier	-80.07* (1.69)	
Fiscal 1987 outlier	-26.87* (1.65)	
Democratic control of congress	-0.79 (0.69)	-1.62 (1.44)
Election year	-0.14 (0.87)	-0.09 (1.82)
Interaction term: election year and party of president	0.64 (1.24)	3.27 (2.61)
Unemployment	-0.17 (0.14)	-1.16* (0.29)
U.S. battle deaths in Korea and Vietnam (in thousands)	0.20* (0.07)	0.09 (0.14)
AR(1)	-0.41* (0.15)	-0.34* (0.16)
Constant	1.85 (0.97)	8.87* (2.06)

*Note:* Standard errors are in parentheses. The asterisk indicates significance at the  $p < 0.05$  level. Information on the coding of each variable is given in the text and in Table 2. Party in control of the presidency and Congress are lagged one calendar year to indicate the party in control of the institution when the budget was approved. The Soviet threat and unemployment are lagged two calendar years to indicate information available when the budget was planned. Battle deaths and the election cycle are not lagged. The first year is omitted in order to permit the inclusion of the AR(1) term.

FIGURE 3  
Response to Change in the Strategic Balance



respectively. At values greater than these, the evidence indicates that Democrats allocated more to nuclear forces than did Republicans.

This finding is an important qualification to the general partisan patterns in allocation of the military budget suggested by historical research. However, it offers little support for realist or statist theoretical arguments that party differences are unimportant or dominated by international conditions. First, the conditions under which Democrats allocated a larger share to strategic forces than Republicans would have been unusual. Soviet gains large enough to produce such a reversal of the usual pattern occurred only seven times in the 44 years examined here, all between 1976 and 1983. The largest proportional gain was 0.13 in 1979, the extreme value in Figure 3. As Figure 2 suggests, changes in the strategic balance were usually more gradual. Moreover, the strategic balance sometimes shifted in favor of the United States, widening party differences in the expected direction. (The largest such favorable shift in the strategic balance, a proportional change of 0.26, took place in 1982 with the deployment of Pershing II missiles in Europe.) The difference-based model indicates that a one standard deviation U.S. gain in the strategic balance would lead Democratic presidents to split a \$5-billion budget increase by cutting \$10.5 billion from strategic forces and adding \$15.5 billion to the rest of the budget. Republicans would add \$6.75 billion to the budget for strategic forces and cut \$1.75 billion elsewhere. Above all, these findings underscore the fact that international events did not carry the same implications for every domestic political faction. Varia-

tion in party differences exists because Democratic presidents responded to changes in the strategic balance, while Republican presidents did not.

The empirical evidence confirms that Democrats responded to Soviet gains in strategic forces as expected, but it raises the possibility that Republicans actually *reduced* the share of the budget that strategic forces received when the strategic balance shifted against the United States. Figure 3 shows the expected change in the difference-based budgetary trade-off under Democratic and Republican presidents in response to changes in the strategic balance. The upward sloping line for Democratic presidents indicates that they shifted the budget toward strategic forces in response to Soviet gains. As the downward sloping line in Figure 3 indicates, the difference-based model suggests that Republican presidents shifted resources away from strategic forces in response to Soviet gains. While puzzling, this finding is not statistically significant when the proportion-based trade-off measure is used. The best conclusion is probably that Republican presidents, who preferred strategic to conventional forces in any event, did not respond consistently to changes in the strategic balance. Democrats, on the other hand, spent more on conventional forces when the strategic balance was favorable but focused on strategic forces when the Soviets made substantial gains.

Several other results of the model deserve mention. As expected, the lagged dependent variable included to model first-order autocorrelation was statistically significant. Like most budget processes, the trade-offs considered here depended in part on decisions made in the previous year. Substantively, the negative coefficient indicates that large trade-offs were not likely to be maintained for many consecutive years. For example, the difference-based model indicates that if the hypothetical \$5-billion budget increase were available under identical mean conditions to a Democratic president for a second consecutive year, the amount allocated to strategic forces would rise to \$290 million from a cut of \$50 million in the first year. Similarly, a Republican president would allocate \$4.45 billion to strategic forces in the second year, down from \$4.98 billion in the first year.

Two other variables were significant in one model. First, increasing unemployment was associated with the transfer of resources away from strategic forces in the difference-based trade-off model. Because other areas of the budget involved greater spending on personnel, and were thus more useful for managing unemployment, this result makes sense. Nevertheless, since it appeared in only one of the two models, it must be regarded with caution.<sup>11</sup>

<sup>11</sup> Given party differences over unemployment discussed earlier, it is possible that Democrats were more likely to use the military budget to respond to this economic condition. This is especially likely during election years. I examined several specifications using interaction terms involving party, unemployment, and the election cycle used to test these hypotheses, and found no evidence for them in either model. (They also had little effect on the other coefficients.) For reasons of space, these results are not presented here.

Second, although battle deaths were significant in the proportion-based trade-off model, they did not have the expected effect. If the budgetary trade-offs examined here responded to the material demands of the wars in Korea and Vietnam, increasingly intense involvement in those wars should have increased the share of the budget allotted to non-strategic forces. This is not what actually happened. The military buildup that followed U.S. intervention in Korea was broadly based and did not occasion large trade-offs between budget categories. Indeed, Condit (1988, 224–40) and Huntington (1963, 55) point out that the resources slated for the fighting in Korea were limited to a fraction of the overall buildup. In the case of Vietnam, the greatest changes in force structure during the Kennedy-Johnson era were implemented before the commitment of American combat forces. Although fiscal 1968 saw the largest number of U.S. casualties, Pentagon resources actually shifted in favor of strategic forces that year. Because battle deaths are statistically significant in only one model, their relationship to the trade-off between strategic forces and the rest of the budget must be treated with caution. Considered along with other historical evidence, the conclusion it supports best is probably that these limited wars did not prevent presidents from attending to other priorities in military resource allocation.

## Conclusion

Domestic political conflict figures prominently in the picture of American Cold War military policy that emerges from this analysis. The two major parties sought to establish different force structures when they controlled the White House. Republicans concentrated more of the Pentagon budget on strategic forces, while Democrats focused on conventional forces except when the Soviets made substantial gains in the strategic balance. This pattern is consistent with historical evidence about the differences between the two parties.

There is nothing new about considering domestic political influences alongside international pressures. A more important implication of the evidence presented here is that simply treating domestic and international factors as separate influences on foreign policy choices is not enough. The connection between international conditions and policy choices depends on the faction controlling the state. The president's party affiliation helped shape American responses to changes in Soviet armament. While Soviet gains in relative nuclear capability prompted Democrats to devote a somewhat greater share of Pentagon resources to strategic forces, Republicans concentrated resources on these forces regardless of variation in the strategic balance. Domestic political considerations are fundamental not because international pressures do not matter, but because their effects depend on the domestic political faction controlling the state. Even if the international environment remains the same, policy can change when a different domestic faction takes charge. On the other hand, whether changes in international conditions affect policy depends on the priorities of those in power.



The effect of these differences on American foreign policy merits further research. Repeated over several years, incremental changes in the allocation of military spending could influence decision making by expanding or limiting the options open to presidents at particular historical junctures. Aliano (1975) argues that the Kennedy and Johnson administrations' build-up of conventional forces may have increased Johnson's willingness to employ these forces in Vietnam. If so, partisan differences over force structure could help explain why Johnson committed American combat forces to Vietnam in 1965, while Eisenhower chose not to do so in 1954. These differences might even shed some light on the reasons why the Republican-controlled Senate rejected the Comprehensive Nuclear Test Ban Treaty in 1999. Although these connections between force structure and policy choices are beyond the scope of this article, the evidence of a partisan pattern presented here justifies further research.

From the perspective of historical research on American foreign policy, the party ties of national security policy makers matter. Without knowing the political background of national security policy makers, those decisions may be difficult to understand. Many important studies of American Cold War strategy pay little attention to the partisan political dimension of the conflict over strategic programs, focusing instead on the strategic arguments for these programs, interservice rivalries in the Pentagon, and the overall size of the military budget. The evidence presented here suggests that these accounts should also consider the different interests comprising the Democratic and Republican parties during the Cold War. Military strategy can reflect the nature of the party in power, even if there is little evidence of it left behind in the archives. Political considerations probably worked through the selection of both military and civilian policy makers rather than through their conscious deliberations. Although military experts may not have understood their decisions in partisan terms, they nevertheless came to their positions through a process governed by partisan politics.

*Manuscript submitted 18 May 2000*

*Final manuscript received 29 May 2001*

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