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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, 328 pages

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- 1 Grant Madsen's *Sovereign Soldiers* is a history of American military governments' struggle to determine economic policies in the first half of the 20th century. Beginning in the Philippines before the Second World War, predominately concerned with the occupations of Germany and Japan after 1945 and culminating in the Eisenhower administration, Madsen follows a number of generals, especially Douglas MacArthur, Lucius Clay and Dwight Eisenhower, as well as the banker Joseph Dodge, as they manage American territories and learn how to bring prosperity to these extensions of the American state overseas.
- 2 *Sovereign Soldiers* fits into a slightly unusual place in current historiography, as indicated by the nature of its publication. Part of the "American business, politics and society" series at University of Pennsylvania Press, one might expect a book predominately about the United States. While the main policymakers are almost all American, most of *Sovereign Soldiers*'s narrative takes place abroad, in the Philippines, Panama, Korea and especially in Germany and Japan. However, none of these locales are abroad in the strictest sense, as they all fell under American political authority during the period in question. This book is ultimately the product of research in equal parts on foreign policy, domestic politics, military history and political economy (in

several countries). It is tied together by American perspectives on political economy so “American business, politics and society” is as fitting a label as any other, yet it has much to offer foreign relations scholars.

- 3 In terms of economic policy, *Sovereign Soldiers* contributes an important and overlooked chapter in the development of what may be called conservative economics in the United States by highlighting the anti-Keynesian approach taken by military governors in German and Japan. The insights gleaned by these leaders, Eisenhower among them, became the foundation of economic policy during the Eisenhower administration’s modern conservatism and underpins parts of American political economy since. Instead of the often fallacious split between big government liberalism and small government conservatism, these military governments preferred a strong central state, high tax rates and a commitment to welfare (and, within the US, warfare) spending. In this way, Madsen’s history is perhaps most insightful in understanding American political economy in the middle of the 20th century and helping historians avoid the “trap” of “the basic ‘big’ versus ‘small’ government debate” that dominates American economic and political discourse. (6)
- 4 In terms of foreign policy, the main contribution is the definition of the American military as a sovereign actor in charge of US territories defined using Robert Latham’s concept of an “external state.” Madsen’s most critical idea, which gives title to his work, is well argued in his introduction but less developed by the subsequent history. Madsen provides a detailed accounting of the management of the external state in the Philippines, Germany and Japan. To illustrate the unique nature of sovereign soldiers, however, the idea could benefit from a number of comparisons. To what extent have other US departments acted in similar, semiautonomous fashion? Is the corps of foreign service officers not another branch that could be defined similarly, or perhaps the CIA which has often operated as a semi-independent force in the world following general guidance from the US president? Madsen never claims that the military situation is purely unique, nor could he within the scope of this work, but the theoretical contributions would benefit from further comparative research.
- 5 As it stands, the framework remains potentially useful for advancing further study. The real test for Madsen will be whether or not future scholars (interested in both the external relations of the US through its military and the military economy of America) find that sovereign actors is a useful framework for studying other aspects of the foreign policy of the American military. As Madsen suggests in his introduction, the framework still needs be applied to Korea after the Second World War. The test of other occupations, and perhaps US military relations in non-occupied but allied countries in the decades since could also be a starting point for further research. The idea of treating the US military in its relations abroad as managers of an “external state” may be helpful for understanding other periods, not just the failed occupations of Iraq and Afghanistan which seem most obvious, but perhaps relations with countries that host military bases or within the framework of NATO or other multilateral decision making bodies.
- 6 Madsen’s narrative is cohesive and accessible, each step building a mostly linear history by following a few central characters closely. Madsen chooses to concentrate on a few generals and their advisors, the “power elite” holding “positions in and around the army starting at the turn of the century,” to drive his narrative. (3) The readers and the main policymakers seem to be getting the same history lessons, and we understand

the history as they do. This is due in part to the main primary sources and how Madsen uses them; private journals and letters from the central figures are given space to speak for themselves. Moving semi-chronologically, Madsen outlines in the first four chapters the developments of military government in the Philippines and other territories, lessons of the interwar years, the establishment of rules governing international trade, and planning for post-War. The next three chapters are dedicated to military government in Germany under Eisenhower and especially Lucius Clay. This is followed by three chapters that cover roughly the same postwar period in Japan (with MacArthur and Joseph Dodge playing the central roles). The final three chapters recount the return of ideas and policymakers to the United States and the implementation of Eisenhower's political economy.

- 7 The reliance on a few figures, mostly within the US military, makes for a cohesive and concise work. This comes with a tradeoff in scope that Madsen recognizes in his introduction. Non-Americans are given relatively little space, considering the geography of Madsen's research. Ludwig Erhard, the first to get a biographical introduction, is brought up in chapter seven, halfway into the narrative. Only Erhard and Hayato Ikeda (introduced in chapter nine) get the same treatment as the second-tier Americans like Henry Morgenthau, Jr., Henry Stimson or Eisenhower's mentor Fox Connor. Madsen does a good job showing how the situation in Germany and Japan, and even the desires of the Germans and the Japanese, affected American policies. However, they are given less sovereignty as characters than the major Americans.
- 8 Despite the focus on Americans, *Sovereign Soldiers* increases understanding of external influences on American political economy. Rather than imposing American will on occupied territories, the military managers Madsen follows acted largely independently, reacted to the situation on the ground, and ultimately brought lessons from abroad back to the United States. The clearest example comes from the development of monetary policy in Germany (running through chapters 4-6). Official instructions drafted by Treasury Secretary Morgenthau would have prevented Eisenhower and Clay from stabilizing German currency and allowing the market and economy to recover, hoping political recovery could come before any economic growth. Seeing the potential for crisis as Germany risked famine, and discovering with the help of Dodge the artificial and inflationary Nazi "silent financing" banking system, Eisenhower and later Clay found ways around Washington's restrictions, implemented their lessons from the occupations of the Philippines and Panama, stabilized the currency and returned the American, then Western zones to productivity.
- 9 Madsen then illustrates how the lessons from military government of Germany began to influence policy in the United States, first via the Marshall Plan for (Western) Europe. Marshall met with Clay during his fact finding mission to Europe. In establishing the assistance plan for the continent Madsen argues (through Clay's point of view) that, "Marshall largely took the lessons learned by military government and applied them broadly to Europe as a whole." (111) The lessons of military government finally flowed to the United States under Eisenhower's administration, when Clay, Dodge and others shaped his initial military-economic policies (chapters 12 and 13). This lesson is reinforced by the experience in Japan as well as the overarching lessons from the early occupations of the Philippines through the Korean War.
- 10 The whole is a well-researched and well argued history of how the military governments determined economic policy for Germany and Japan and how these

lessons returned to the Eisenhower administration. This is already a valuable contribution for understanding 1950s political economy in the US, the postwar intersection of political economy and foreign policy, and some aspects of domestic politics in the late 1940s and early 1950s. A question remains whether this was an exceptional moment with unique military governments acting as the extension of the US state abroad and then finding another unique expression in Eisenhower's administration, or whether the framework and forces at play can be applied more broadly as suggested in Madsen's introduction. In any case, researchers interested in the influence of foreign and military policies on domestic economic policies, or the reverse structural and economic influences in foreign policy, as well as understanding the noncombat roles of the military should find valuable insights in *Sovereign Soldiers*. The concise and fluid prose also makes this an exploitable choice for classes.

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