U.S. Foreign Policy:
The Origins of the Cold War

Branislav L. Slantchev
Department of Political Science, University of California, San Diego

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It will be difficult to understand present US foreign policy without some sense the historical context in which it was developed. For nearly fifty years, from 1945 to 1991, the global confrontation with communism led by the Soviet Union dominated American foreign policy and affected much of domestic life. This confrontation, popularly known as the **Cold War**, cost the US over $8 trillion in defense expenditures and over 100,000 lives lost in various conflicts around the globe. The US fought and won a major war in Korea and fought and lost another one in Vietnam. The bitter experience of the latter one ushered in an era of cautious restraint that was broken by the events of recent years. For half a century, America defined its national security in terms of opposing the threat of communist expansion, and when the Soviet Union collapsed in 1991, the U.S. had to redefine its role in the world. Many of the conflicts that erupted at the end of the 20th century and in the beginning of the 21st have their roots in Cold War geo-political and economic alignments, with corresponding nationalist, ethnic, and religious tensions. To understand them, we need to learn where they came from.

Our goal in this lecture is to study the origins of the Cold War. What were the incompatible and competing goals of its two principal actors? Why did they create such a rupture between the allies of the Second World War? What options did they have and what choices did they make?

People always want to apportion blame for unpleasant historical events. The historiography of the Cold War is no exception. As we shall see, however, blaming either the Americans or the Soviets for that protracted confrontation is far from straightforward. We can never know what could have been had alternative policies been pursued. We cannot use outcomes that happened decades after the 1940s to reason back and infer that the same policies would have succeeded in that environment as well. It is entirely possible that the preferences of one or both antagonists evolved over time, making possible actions that had been previously unthinkable.

The traditional view in the West was that the Soviet Union was an expansionist ideologue that confronted a security-seeking West, which was forced to act in self-defense. According to this interpretation, the U.S. administration acted too timidly and allowed Eastern Europe to fall under Soviet domination. The revision-

ist histories of the 1960s asserted that the opposite was true: a security-seeking Soviet Union was driven to self-defense by the imperialist expansionist policies of the West. The post-revisionist histories simply split the difference and blamed both sides equally: power politics was bad whether it was pursued for capitalist or communist reasons. The superpowers jointly subordinated the world to their own, separate but not always hostile, interests. The post-post-revisionist view is that neither side was to blame: it was all a grand misunderstanding, a tragic spiral of hostility arising from misperception, lack of communication, and mistakes. The Second World War had turned the Soviet Union from a totalitarian state focused on internal development to one that was now in command of one of the world's most powerful militaries. The U.S. had to grope to finds its way in dealing with this highly secretive regime. The interpretation stays clear of the ideological predilections of the orthodox interpretation, incorporates the security-seeking emphasis of the revisionists, while maintaining that the U.S. could not have accommodated even these interests without significant risks.[1]

In my view, we simply cannot tell which of these versions is correct. And in a way, it does not matter. The relevant questions are (1) why the Cold War happened, and (2) could it have been averted? What the "objective reality" was in terms of preferences matters only peripherally for the answers for the simple reason that the Cold War happened because policy-makers pursued certain policies, and these were based on images of the opponent that might have been only tenuously connected to that objective reality. One might wish to argue that these images were wrong, and indeed that is what the various schools of thought have been doing for decades, but for an explanation of the Cold War, it is not necessary. For that, we need to explain why policy-makers made the choices they did.

The uncertainties, the risks, and the complexities that confront policy-makers were inherent in the international environment in which they operated. Things that appear as mistakes in retrospect were probably regarded as the safer courses of action at the time. It is worth emphasizing that if we were to find ourselves back then, knowing only what these policy-makers knew at the time they made their decisions, we would very likely reach similar conclusions and implement similar policies. Sometimes no amount of wishful thinking and rationality can avoid ending up in situations that are bad for everyone involved.

Notice that to answer the second question, we also do not actually need to ascertain the "true" preferences of the two sides. If we could show that whatever their preferences, the informational and strategic constraints under which they operated would have forced the actors into essentially the same behavior, then the Cold War would have been unavoidable.

[1] A good summary of the competing explanations along with a decent overview of the early history can be found in Martin McCauley, *Origins of the Cold War,1941–49.* Revised 3rd ed., Harlow: Pearson, 2003.

1 The Soviet Union

The Soviet Union was formed in 1922, after the Communists consolidated their control over most of Imperial Russia by winning the civil war that had started with the October Revolution in 1917. In this *coup d'etat*, the **Bolsheviks** (majority wing of the Communist Party) overthrew the provisional government that had assumed power after the Tsar's abdication but had failed to withdraw Russia from the First World War. After hastily patching up a humiliating peace with the Germans to stop their invasion of Russia, the Communists focused on defeating the counter-revolutionaries.[2] The civil war saw some international involvement as some of Russia's former allies sent expeditionary forces to topple the new regime in order to draw Russia back into the Great War. The Communist Red Army, however, emerged victorious on all fronts, and the new country became a fact when the Russian, Transcaucasian, Ukrainian, and Byelorussian Socialist Soviet Republics formed the **Union of Soviet Socialist Republics** (USSR). With the exception of Finland and the Baltic States (Latvia, Lithuania, and Estonia), the other former territories of the Russian Empire soon joined the new state as Soviet Republics.

When the original leader of the Bolsheviks, **Lenin**, died in 1924, a brief succession struggle ensued, but that was eventual resolved with **Stalin** becoming the unquestioned ruler of the USSR. He revised the ideology inherited from Marx and Lenin to incorporate the two important lessons he had learned from the civil war.

First, he concluded that the West and its allies would strangle the new state at the first opportunity. This was not as far-fetched as it may sound; after all, many foreign nations had intervened against the Red Army during the Civil War (not even counting the Germans who had dismembered Russia): Czech, British, French, American, Australian, Italian, Romanian, Greek, Polish, and Serbian troops, all fought the Communists, as did Japanese and Chinese contingents. It took over two years of fierce fighting to compel the allied forces to withdraw (1920), and the Japanese were forced out of the mainland even later (1922). There was even a serious war with Poland in 1919–21 over disputed Ukrainian territory. (The Poles won that one and saved their country from Soviet occupation, at least for the time-being, but the Russians took all of Ukraine; after World War II, the Soviets would also take all the disputed territories in Eastern Poland.)

Overall, the civil war claimed the lives of about 750,000 military personnel, with summary executions, deportations, and terror claiming the lives of anywhere between 1 and 2 million. To this one might add the war-related famines (the one in 1921-22 killed 6 million) and disease (the typhus epidemic in 1920 killed 3 million). With about 2 million others, mostly the skilled and the educated, fleeing Russia to escape the communists, the demographic catastrophe was complete. The country's infrastructure and economy were devastated: industrial production fell to

[2] There were also armies that fought both the Communists and the counter-revolutionaries.

2% (iron), 5% (cotton), 20% (mines) of its prewar value, and even agriculture was down to 30%. Some of this had to do with the policy of **war communism** that the desperate Bolsheviks implemented to keep the cities fed and making armaments. This policy nationalized all industries, confiscated agricultural products beyond a bare subsistence minimum, rationed food and commodities, and banned private enterprise. Without having to pay market prices for food, the Communists could keep the workers in line, but even then there was substantial flight to the countryside (Petrograd, for instance, lost about 72% of its population), strikes (all bloodily suppressed), and numerous peasant uprisings (by one count, over 118 in one month in 1921 alone). This necessitated further repression, which in turn worsened the economic conditions. Still, the policy did enable the Red Army to defeat all opponents, which taught Stalin the second valuable lesson: internal repression and policies of force can mobilize the country successfully for almost any purpose.

Faced with the he considered the inevitable hostility of a Western encirclement, Stalin concluded that the only way to ensure the survival and prosperity of the USSR was to rapidly modernize the country through industrialization, become as self-sufficient as possible, and create a powerful army that could protect it from the encroachments of its neighbors. The 1924 constitution formally enshrined public ownership of land and means of production, along with the **dictatorship of the proletariat** as the mode of governing. In 1928, Stalin abandoned Lenin's **New Economic Policy** (which had itself replaced war communism in 1921 and relaxed some state controls) and committed the country to a **planned economy**, where economic activity was organized by a central authority and administered top-down according to defined targets (in contrast to a market economy, where activity is mostly regulated by relative prices). The first **five-year plan** was approved in 1928, and focused on industrialization.

The rapid industrialization demanded cheap foodstuffs to feed the workers. Stalin began the process of **collectivization**: all private property was confiscated from the peasants and put under the control of a "cooperative," whose membership was compulsory and which was to supervise production. When the peasants resisted, Stalin induced a famine in the Ukraine in 1932 that killed over 3 million people. The people capitulated in the face of brutal repression, widespread terror, and the omnipresent threat of the internal security forces and the Red Army.

Stalin's plans worked. When President Roosevelt recognized the USSR in November 1933, the Soviets had achieved the impossible. The country that was the European backwater and laughingstock of every civilized nation only 20 years ago, was now a modern state whose growth rate stunned imagination. More importantly, the Russians were producing tanks, airplanes, artillery, and building factories in numbers that were utterly incredible. For example, by the late 1930s, the Russians had more tanks than the rest of the world combined. The Soviet state seemed capable of defending itself against the aggression communist doctrine regarded as inevitable.

2 Second World War and Aftermath

The war against Germany and Japan made allies of the West and the Soviet Union. The common enemy had made them gloss over their disagreements, but as the tide of war in Europe turned in 1944, suspicions quickly spread among the allies.

The long stalling of the opening of a second front, which Stalin had requested to relieve some of the pressure on the USSR, eventually put it off for too long. Initially, the German *Wehrmacht* had nearly pulverized the Red Army, but by 1944 the Russians had begun driving off the Nazis by themselves, at tremendous cost. Even in 1943, Stalin was already thinking about the post-war world when he asked Roosevelt and Churchill to agree that postwar Russia would include the Baltic states (Latvia, Lithuania, and Estonia) as well as parts of Poland, Finland, and Romania (that is, the areas that had belonged to the Russian Empire, and which Stalin had repossessed with the Nazi-Soviet Pact). FDR refused, hoping to delay resolution of these questions until after the war was over.

This was a mistake for in 1945 the liberating (or conquering, depending on perspective) Red Army stood astride much of Central and most of Eastern Europe. Stalin no longer needed to beg for the second front to help his armies, nor did he need American supplies as desperately as he had while the fighting was going on. He could negotiate from a position of strength, and he was not late in asserting his rights of conquest. In 1945 Stalin declared that "whoever occupies a territory, also imposes on it his social system" to which Churchill agreed. When the Americans balked, Stalin concluded that the situation was reverting to the hostile standoff of the 1920s. Having made use of the USSR to rid Europe of Hitler, the Western powers seemed bent on hemming it back in, preferably all the way into Asia.

This was a dangerous policy because it seemed to deny the basic Soviet right to live in security, the right the Russians had won at staggering costs: over 20 million people lost in the war, thousands of cities destroyed, and an economy in ruins. The country needed security to rebuild itself. In November 1945, a US intelligence report concluded that the USSR would be incapable of mounting a major war for the next 15 years, noting both military weaknesses and time required for recovery.

It was against this backdrop that Stalin had to interpret American behavior. He had a shattered state with a strong army. Men were needed to rebuild the economy, not guard the borders. Money was desperately scarce, and the Russians hoped to extract resources from the European countries they had "liberated," a time-honored practice after most wars. Stalin had two basic goals in mind: control of Eastern Europe (i) for security purposes, and (ii) as a source that could be exploited economically.

2.1 Soviet Interests

As the Russian Tsars before him, Stalin realized very well the strategic vulnerabilities of Russia. Twice in the 20th century had foreign enemies entered Soviet soil from the West. Stalin was determined to prevent this from happening. He resolved to do this by creating a cordon of friendly states around the USSR that would serve as a buffer against encroachments from the West. FDR, who consistently refused to become anti-Stalinist, recognized these concerns and found them well founded. He, however, failed to realize the simple fact that there was no way to ensure that these states be both friendly to the USSR and non-communist.

Any non-communist government of Poland, Czechoslovakia, Hungary, Rumania, and Bulgaria would naturally turn to the West, as they had done in the past for fear that their great eastern neighbor would bully and exploit them. Stalin knew this perfectly well. Therefore, he concluded that if these states were to be friendly, they had to be communist. In 1944 Stalin, who recognized British interests in Greece and Belgium and US interests in the Pacific and did not interfere there, made his remark about imposing one's own social system on occupied territories, a principle that was obvious to Churchill but to which the Americans did not subscribe. In October 1944 Churchill flew to Moscow and made a deal with Stalin whereby he promised to recognize Soviet dominion in Rumania and Bulgaria in return for British control of Greece. FDR was furious but worse was to come.

In February 1945, the Big Three met at Yalta to discuss the shape of the post-war world. The debate over Poland exposed the divergence among the Allies. The Russians, who by now occupied Poland, had recognized a communist-dominated regime already. Poland was strategically important for USSR (all invasions in last two centuries had occurred from there) and so naturally Stalin wanted a protective cordon of friendly regimes; he did not accept FDR's idea that he could have non-communist but still friendly regimes (part of Soviet doctrine was the hostility of others); especially in Poland, because of long history, any non-communist government would necessarily be anti-Soviet:

> "For the Russian people, the question of Poland is not only a question of honor but a question of security. Throughout history, Poland has been the corridor through which the enemy has passed into Russia. Twice in the last thirty years our enemies, the Germans, have passed through this corridor.... Poland is not only a question of honor but of life and death for the Soviet Union." Stalin (at Yalta).

When Britain and U.S. demanded that pro-Western Poles be included in the government, the Soviets watered down the agreement so that it could be interpreted in any way they wished. Since the Red Army was in Poland, the other two had to agree.

Two weeks after the Conference, the Russians began pressing the Romanian king to appoint a communist government (Romania, like Finland, Bulgaria, and Hungary, had fought on the side of the Nazis). The U.S. protested in vain. On April 1,

FDR warned Stalin that the U.S. would not accept Stalin's imposition of totalitarianism in Poland. Within a week, however, FDR was dead, and the new president Truman was very different in his approach.

Despite strong advice from experienced diplomats (e.g., Secretary of War Stimson, who had interacted with Soviet leaders and who understood well that it was the security concerns rather than communist ideology that drove Soviet demands), Truman accepted the advice of Harriman and Secretary of the Navy James Forrestal who wanted to take a hard line against Stalin. The two factions split over the Polish issue. One insisted on forcing Stalin to allow free elections (with their certain anti-communist and therefore anti-Russian outcome). The other side argued that it was stupid to split with the Russians over a minor issue like Poland and at any rate Stalin would never permit an anti-Soviet Poland regardless of US posturing. They argued that it was unwise to quarrel over a minor problem (compared to a US-Russian confrontation), especially when the US could not hope to force a favorable outcome anyway (because the incredibly strong and victorious Red Army occupied Poland and could not be pushed out).

Truman agreed with the Hawks' position. Molotov (Soviet Foreign Minister) was then subjected to a rather rude treatment when Truman berated him (as "a Missouri mule driver") for the supposed Soviet breach of the Yalta agreement. The Russians were puzzled: they had not objected to pro-Western governments in Greece and Belgium because Stalin had accepted that these states were strategically important for Britain.

Stalin rejected Truman's claims on the basis of the same agreement by noting, correctly, that Poland bordered neither Britain nor the U.S. but it did border the Soviet Union and thus presented a security risk that the two Western allies did not fully appreciate (or at least pretended not to). He, also correctly, pointed out the hypocrisy of the demands—after all, the Soviet Union did not interfere with the Anglo-American disposition of territories in their sphere of influence (e.g., Belgium and Greece). In June Truman had to accept a compromise whereby Stalin allowed a couple of pro-Western Poles in the government. Stimson was right—the US could not force Stalin to do more. The Americans hoped that these Poles would help in opening the country to U.S. investment. Stimson was right about this as well—because of their perception of American unreasonableness, the Russians stiffened their position and the forced the Poles to refuse to open their doors to the dollar.

The U.S. offered Stalin a deal: the West would recognize the new Polish-German boundary (USSR had compensated Poland in the West for territories annexed in the East). Germany would be divided in two: the eastern, primarily agricultural part, would go to the Soviet Union, and the Western would be divided among US, Britain, and France. The USSR could take as much reparations as reasonably possible from its part but only 25% of the total reparations could come from the zone occupied by the Western powers. Although this was not what he wanted (dismemberment of Germany, with what FDR had in principle agreed), Stalin, who cared more about

the reparations anyway, accepted the deal.

2.2 American Interests

For their part, the Americans believed that the world could not be allowed to return to the situation of the 1930s where various countries tried to escape depression by erecting high tariff walls and creating regional trading blocs which impeded the free flow of trade and further worsened the situation. What's more, there was genuine fear that the only way to deal with prolonged serious unemployment was through massive government intervention in the economy, which sooner or later would lead to regulations of personal choice and limitations of fundamental freedoms.

The U.S. absolutely needed an open world market if it was to survive as a capitalist democracy after the war. In 1944 at Bretton Woods, NH, the US moved to ensure that the postwar world would be friendly. It created the **International Monetary Fund** (IMF, a lender of last resort that would lend countries money in an emergency to prevent the collapse of its currency, providing financial stability), the **International Bank for Reconstruction and Development** (the World Bank, which would guarantee private loans for the reconstruction of Europe and will invest in development projects in less industrialized nations). A world trade organization did not materialize (we now have it in the WTO) but the **General Agreement on Tariffs and Trade** (GATT) was set up to prevent exclusions, preferential treatment and help the free flow of goods. Voting in the IMF and the World Bank depended on the money contributed. Because the US contributed most, it controlled both. The British and the French, their countries ravaged by the war, had no choice but to agree to these arrangements if they wanted American help with recovery. The US had thus freed itself to deal with Stalin.

With good reasons, the Americans believed that a modern capitalist democracy could only survive and prosper if it had unfettered access to foreign markets. Only a truly global system would protect the world from the Depression that brought the authoritarian regimes to power. The Americans also quickly concluded that Europe would be essential to any such system, which in turn implied that Germany had to be reconstructed as quickly as possible. This conflicted with both security and economic interests of the USSR (which preferred to extract resources from Germany for its own reconstruction and at any rate wanted to keep Germany as weak as possible).

With somewhat less convincing reasons, the Americans also concluded that the Soviet Union was a state as expansionist in practice as its ideology made it in theory. The roping off of Eastern Europe was a direct threat to global openness, and was seen as the beginning of a hostile policy designed to challenge the American system for world hegemony and eventually destroy the American way of life, the very thing this country fought in two wars to preserve.

3 The Problem of Not Knowing

The Russians felt (and were) entitled to gains from their victory in Europe. They wanted a protective belt that would erect a barrier through the route traditionally used by Western armies invading Russian territory. They wanted to be able to extract compensation from the conquered German lands and use the resources to rebuild the country. They wanted access to shipping lanes through the Mediterranean, which implied control of the Dardanelles and Bosphorus. They were denied any role in the settlement in the Far East. Although the USSR declared war on Japan and invaded Manchuria, the Americans were careful to exclude everyone but themselves from the disposition of the Empire of Japan. When the Russians pressed to get their security barrier, recognizing in return British influence in Greece, they were opposed at every step.

As you can see, this interpretation sees the USSR as a **security-seeking** country whose main interests were in ensuring its safety from perceived Western hostility and possible future aggression, and who wanted to rebuild its economy, preferably with the help of reparations from the conquered territories in Germany. In terms of security, the Soviets wanted a buffer of friendly states to protect them in the West, and since history had shown that democracies would turn anti-Soviet, they wanted to install communist governments that would depend on Moscow for their existence, and would therefore be counted upon to be loyal.[3]

The other possible interpretation was that the USSR was an **ideology-driven** revolutionary force that was unrelentingly hostile to the basic political and economic organization of Western societies, and that would exploit every opportunity to undermine them until the entire world is converted to its preferred social and economic organization. Despite concessions in China that enraged their fellow communists, the Soviets were perceived as being bent on exporting their ideology. When they did not press their advantage in Iran in 1946, they were thought to have backed down because of American threats. When they first pressured Turkey in 1946 over the straits and then retreated, they were believed to have attempted expansionism, and their attempt was thought frustrated by vigorous American action.

All of this does not mean, of course, that the Soviets were all kosher, even if they subordinated ideology to power politics. For one, Stalin's ruthless interpretation of "balance of power" meant that he probably expected the world to be divided into spheres of influence and control, with the USSR grabbing not just significant chunks of Europe, but also the Middle East, and Asia. Just as he was prepared to recognize Western interests in their own "zones," he fully expected to be given a free hand in what he considered his own playground. Recalling his assertion about the imposition of one's social system on populations one controls, this invariably

[3]It bears repeating that Central and Eastern Europeans did not find this logic compelling, they would rather live in a democratic capitalist state than under the Russian boot. So this explanation does nothing to condone Soviet actions, it is an attempt to understand them.

meant the expansion of Soviet-controlled communism in these territories.

Although there were legitimate security concerns, it was not at all clear just how far the buffer would have to extend to make the Soviets feel adequately protected. For example, did it mean that Turkey should be part of their sphere? Or Iran? It should come as no surprise, therefore, that Stalin would attempt to grab as much territories (or influence) as possible, as long as that could be done without risking war with the United States and justified in the name of security. While the Iranian case seems to have been an instance where the Russians retreated because of the promises they had been able to extract from the Iranians, the Turkish case almost certainly represents a withdrawal due to a realization that America was going to stand firm.

In the end, Soviet actions only convinced the Americans that they were dealing with a crafty opponent who would test every possible weakness in Western defenses. An opponent who would stop at nothing in its quest for world domination. An opponent whose ideology and goals were thoroughly incompatible with the American way of life. Such an opponent had to be neutralized. But his Red Army was too strong. Therefore, it had to be contained through the use of force or the threats to use force because this was the only language it understood.

In turn, as the Americans decided to pursue containment, which also denied legitimate Soviet demands, the Russian perception of Western hostility was strengthened. This increased their incentive to fill all nooks and crannies in world politics that they could find, bribing or bullying others into cooperating with them in order to prevent an encirclement by the West. In this way, the American policy also worked to aggravate the very problem it was designed to solve.

So why did all of this happen? Was there a way to distinguish a security-seeking USSR with whom accommodation was possible from an ideology-driven one with whom compromise was impossible? Conversely, was there a way for the Soviets to distinguish an ideology-driven West that was bent on its destruction from a security-minded West whose fears it was possible to allay?

In terms of things we have discussed, would the Soviet Union reciprocate a cooperative gesture that left it with the uncontested control of Eastern Europe; or would it respond by using this buffer as a springboard to expand its influence to gain further advantage? In other words, did the Soviet leadership have Stag Hunt or Prisoner's Dilemma preferences? Conversely, from the Soviet perspective, would the West reciprocate cooperative gestures now that the Nazi threat was defeated and allow the Soviet Union to develop unmolested and not interfere with the course of history (by stifling the theoretically inevitable communist revolutions when they sprang up around the world); or would it support regimes hostile to the USSR, encircle it militarily and economically, and try to destroy it? In other words, did the American leadership have Stag Hunt or Prisoner's Dilemma preferences?

As we know, in a world where uncertainty about the opponent's intent even the smallest suspicion of their motives could quickly unravel cooperation (leading to

mutual defection even in the Stag Hunt game). The situation is much, much worse in a world where the possibility of an opponent with Prisoner's Dilemma preferences exists — there is no point in even attempting to build trust with them — the prospects for cooperation would be even dimmer. Only very dramatic gestures that more or less unequivocally demonstrate intent to be cooperative could help overcome these suspicions and break out of the mutually detestable equilibrium. The tragedy of the period is that it was very unlikely for such mutual revelation to happen: the Cold War could have been, in large part, a consequence not of ideological aggressiveness on either side, but on security concerns, asymmetric information about one's own preferences, and an inability to build confidence and credibly reveal that information to the other side.

Imagine the American perspective: the USSR can be either security-seeking or expansionist (two types), and we are uncertain as to which type we are facing. We would want to accommodate the former, but want to resist the latter. We are likely to dismiss statements of its leaders claiming that they are not interested in world revolution: words are cheap, and an expansionist would have incentives to lie and conceal his true motives so that he does not have to deal with immediate opposition. The only way the USSR could credibly signal to the US its type was to take actions that an expansionist would not take: separating strategies would then convey the necessary information to the Americans, much like we have seen it happen in our crisis escalation game.

Unfortunately, the actions of a security-seeking USSR were almost wholly consistent with actions that an expansionist ideological enemy would take: undermining governments, installing puppet regimes through force, suspicions of the West, and unwillingness to retreat when pressured. In other words, this was pooling behavior, and hence no new information was being conveyed. The Americans had to depend on their priors and interpret Soviet behavior in their light. Only a costly signal by a security-seeking USSR would work—for example, letting Poland go democratic—but precisely because such a thing was so costly due to the risk the Russians thought it carried that they were unwilling to try it. This, coupled with the unfortunate timing of several incidents we have seen and with the more adventurous probes, meant that the only cases where their behavior could have been perceived as an attempt to find an accommodation would produce the exact opposite result as they were interpreted as attempts to expand that were only prevented by the threat of force.

The other way to demonstrate desire for peaceful coexistence was to actually coexist in peace, and let the weight of accumulated experience work as evidence of one's intentions. This almost happened in the 1960–70s, but this was twenty years in the future, so one cannot blame the Americans for now being willing to take the risk. And a grave risk it seemed at the time: the dynamic communist state not only survived the brutal war, but it emerged victorious, and with a triumphant military machine that nobody could challenge. Its basic philosophy seemed vindicated, and

it was expected to assert itself globally in a way it could not have done before. Since its fundamental economic organization was absolutely contrary to market capitalism and its political organization to democracy, further encroachments on the world scene were deemed inimical to U.S. interests.

For their own part, the Russians could not have seen that the West probably did not desire the destruction of the USSR. Sure, there was plenty of fervent anti-communist talk that sometimes turned bellicose (as there was plenty of fervent anti-capitalist talk that sometimes turned bellicose in the USSR). But fundamentally, it seems highly unlikely that the West would want to spend billions to confront one of the mightiest military forces in the world (soon in possession of nuclear weapons). In fact, as I argued above, if the West could be persuaded that the Soviets posed no danger, it was very likely that they would actually seek some less confrontational way of dealing with them.

But how was the West to convey all this to the Russians? Put yourself in Soviet shoes now. You might be facing one of two types of America: security-seeking type who needs to be reassured and with whom you can deal, and an ideology-driven one who wants to destroy you. Of course, you would discount any verbal statements on principles and democracy, and would insist on some action that would demonstrate the true preferences and intent of the U.S., action that would separate the security-seeking type from the ideologue. As before, this would need to be a costly signal, something that an ideologue would not do under any circumstances. For example, recognizing the basic security interests of the Soviets in Europe and in the Middle East, interests that must have appeared to the Russians to be self-evident. However, given its priors, the U.S. judged the risks required for such separation to be too high, practically ensuring that the Soviets would infer that it is the ideologue who is pooling with the security-seeking type.

After the Second World War, it was not at all clear that the Americans would supplant the British and French in their various possessions and commitments around the world. From the Soviet perspective, it made a lot of sense to probe the extent to which the West would reassert its prewar preeminence in the Near East and Asia. The necessity to screen out whether America was truly committed meant engaging in risky actions that would rest its resolve without actually causing war. If the probe worked, then the Soviets could enjoy the fruits of victory on the cheap. If it failed, then they could turn to better strategies, or try elsewhere… almost no harm done. But great harm was done, for every succeeding probe would simply reinforce American suspicions about fanatic ideologically-driven expansion regardless of the actual reasons for retreat.

Since we have assumed that if one actor is an expansionist ideologue, the other would prefer to confront him regardless of his own preferences, the Cold War could have only been avoided, in principle, if neither was an ideologue. So let us assume, for the sake of argument, that this was so. By our reasoning, the outbreak of the Cold War was intimately connected to the actors' inability to reveal their prefer-

ences to each other. Neither side could credibly promise the other that its goal did not include the destruction of its opponent. Political statements made on both sides only served to fan the flames of mutual distrust. It is possible that had the Soviets and the Americans known about each other's preferences, they could have avoided the Cold War. But they did not. In these circumstances, costly signaling would have been the only solution, and it was judged too risky by both sides. In the final analysis, both share responsibility for the conflict, and neither one is to blame. I don't know what is more depressing: knowing that the war could have been, in principle, avoidable, or that there are situations where nothing can help avoid the bad outcome.

4 Why the Cold War?

The roots of the post-WWII confrontation lay in the way both countries interpreted each other's behavior. Neither was certain about the preferences of its opponent, and each attempted to infer them both from previous behavior and open political statements by the leaders.

The Soviet Union's formative years had demonstrated that the West would be uniformly hostile to communism and would try to destroy it the moment it took root anywhere. The West had not only attacked the young state but helped create a cordon of hostile powers around it. The basic security of the USSR required a buffer zone especially in the flat regions north of the Black Sea, where enemies could (and did) invade with impunity.

Hence, to protect itself from future such invasions, the USSR demanded the establishment of a circle of states governed by pro-Moscow leaders. When it quickly became obvious that such leaders could not be non-communist, the Russians moved to ensure that the communists took power in these states. With the Red Army triumphant, they could do this in all territories they occupied.

The American study of communism concluded that the ideology advocated relentless expansion with the goal of conquering the entire world (it did, but not quite in the manner most envisioned). The taking over of Eastern European states by such not quite subtle means simply served to convince everyone in the correctness of this assessment. Furthermore, isolation of these states behind the **iron curtain** was unacceptable because it challenged the fundamental goal of globalization—access to markets—which was held to be the only way to ensure that no economic disaster comparable to the Great Depression would occur again.

In the end the Russians felt compelled to assert their demands through the use of force (and threats to use force), a tactic that alienated them from the West completely and strengthened the conviction that they would stop at nothing, including callous destructive means, to achieve their goals. (The Berlin Crisis of 1948-49 had such dramatic repercussions.)

Of course, the major problem here was due to serious informational asymmetries. The Americans had no way of knowing whether the Soviets were honest about their fears. After all, here was a military giant squirming at the prospect of a pro-Western government in little Bulgaria. Further, such talk was cheap: an aggressive expansionist USSR would also use the security pretext (loved by many politicians regardless of creed, race, or color) for its territorial grasp. The USSR was unable to reveal its preferences because there was no way to design a signal that would be credible.

What is even worse, when the Soviets reacted to their own fears that nobody believed they had, their behavior fit precisely with the rapacious images the West had of them, making reconciliation even less likely. But the tough policies that inevitably followed cemented the very image of Western encirclement that made the Soviets fearful in the first place. This basic element of mutual distrust and alarm would be an ever-present feature of the Cold War.