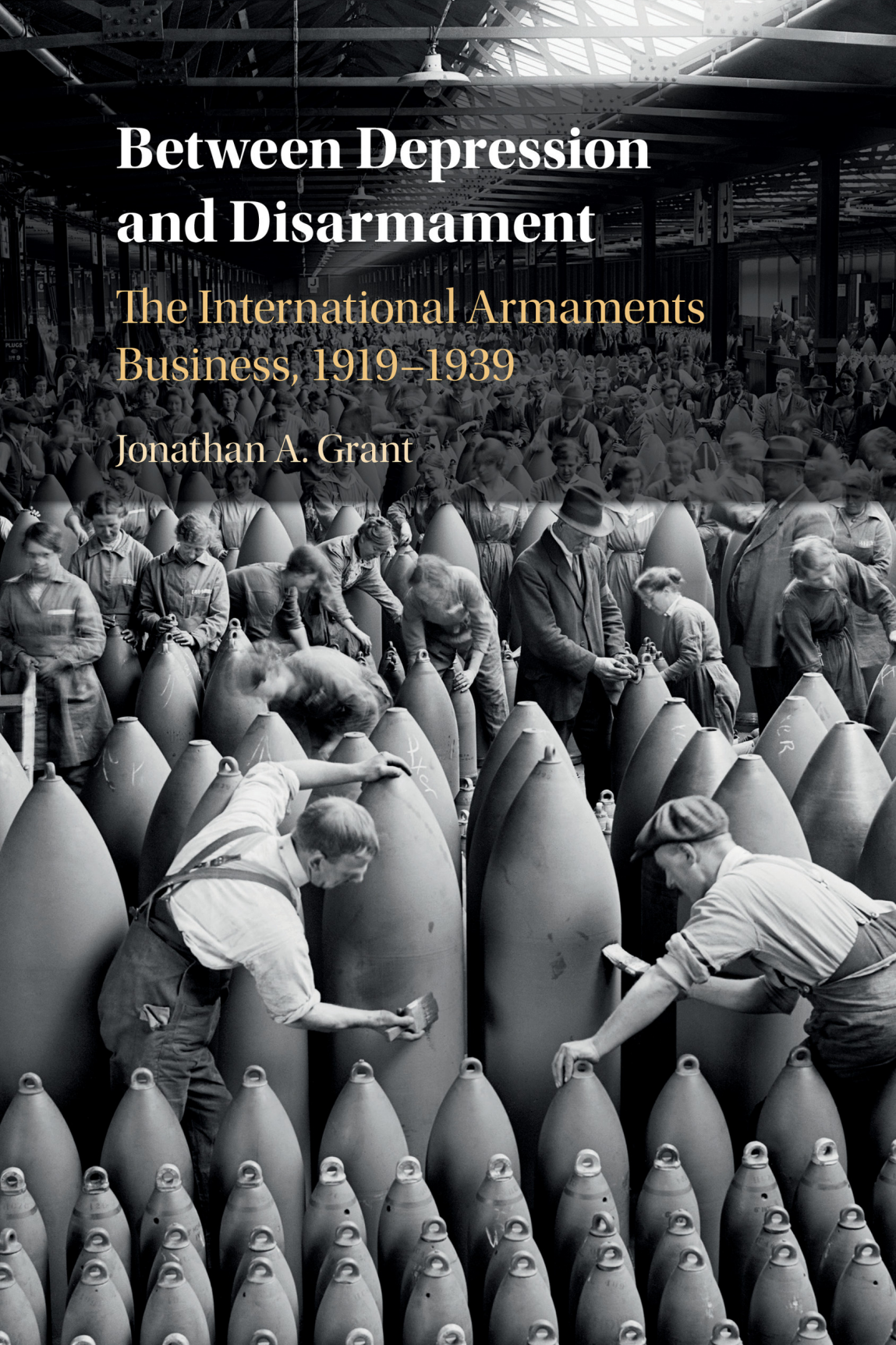


Between Depression and Disarmament

The International Armaments
Business, 1919–1939

Jonathan A. Grant



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The International Armaments Business, 1919–1939

This business history analyzes the connections between private business, disarmament, and rearmament as they affected arms procurement and military technology transfers in Eastern Europe from 1919 to 1939. Rather than focusing on the negotiations or the political problems involved with the Disarmament Conferences, this study concerns itself with the business effects of the disarmament discussions. Accordingly, Schneider-Creusot, Škoda, Vickers, and their respective business activities in Eastern European markets serve as the chief subjects for this book, and the core primary sources relied upon include their unpublished corporate archival documents. Shifting the scope of analysis to consider the business dimension allows for a fresh appraisal of the linkages between the arms trade, disarmament, and rearmament. The business approach also explodes the myth of the ‘merchants of death’ from the inside. It concludes by tracing the armaments business between 1939 and 1941 as it transitioned from peacetime to war.

JONATHAN A. GRANT is Professor of Modern Russian History at Florida State University. His previous publications include *Rulers, Guns and Money* (2007) and *Big Business in Russia* (1999).

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Florida State University



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Dedicated with love to Laila Susana Beth Grant,
who grew up with this book

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Abbreviations

IWM	Imperial War Museum, London
MAE	French Foreign Ministry Archive, Paris
SA	Schneider Archive, Académie François Bourdon, Le Creusot, France
SG	Société Générale Archive, Paris
VA	Vickers Archive, Manuscripts Division, Cambridge University Library, Cambridge, UK

British National Archives, Kew

ADM	Admiralty
AIR	Air Ministry
BT	Board of Trade
CAB	Cabinet Papers
FO	Foreign Office
GFM	German Foreign Ministry, Captured German Documents microfilm
T	Treasury
WO	War Office

US National Archives II, College Park, Maryland

RG	Record Group
USDS	US Department of State

Introduction

In a statement of corporate strategy for the British armaments firm Vickers in late October 1918, Sir Basil Zaharoff, the rather notorious arms salesman, noted the business prospects for the coming postwar order in Eastern Europe that would emerge following the peace settlement to end the Great War. Zaharoff wrote,

The first thing these new states will do will be to arm . . . both for land and sea. We should be prepared, in conjunction with Banks and financiers, to send representatives to their countries the moment they are free, and to offer them their first public loan, out of which we will of course be paid for the armament they will order from us. Although the Big Powers may insist upon these states not arming, nothing can prevent their arming, as they will claim it is for policing their own nation.¹

Even before the conclusion of the Armistice, Zaharoff presciently had identified the issues of concerns about the private armaments trade, disarmament, and rearmament that would occupy a central place in the history of interwar Europe.

Merchants of Death

Private enterprise had stood at the center of the international arms trade in the pre-1914 world. For private armaments producers in the nineteenth century, Russia, the Ottoman Empire, and the Balkan states served as vital markets. As an engine of growth contracts from these East European customers proved crucial for the sustainability of the supplier firms from west and Central Europe. Overall the region became the most important defense market in the world 1860–1914. Krupp, Vickers, Schneider, and Škoda had all emerged as major armaments

¹ VA, File 450, Sir Basil Zaharoff to John T. Coffin, October 31, 1918, also quoted in R. P. T. Davenport-Hines, “Vickers’ Balkan Conscience Aspects of Anglo-Romanian Armaments 1918–39,” *Business History*, vol. 25, no. 3 (1983), 288.

producers and exporters by 1904.² These four firms anchored the tremendous expansion of military-industrial production within their respective countries during the Great War.

For the Central Powers, Krupp and, to a lesser extent, Škoda provided the backbone of wartime industrial mobilization. By 1914, Krupp of Essen already held pride of place as the largest German company and the largest armaments firm in the world. Krupp employed 20,000 workers by 1887 and that figure increased to 25,000 by 1899. In the financial year preceding the war, 1913–1914, 54 percent of Krupp's output consisted of war materiel. During the war, Krupp added 40,000 additional workers, and the military share of Krupp's output ranged from 70 to 90 percent. German monthly output of field guns was 100 in December 1914, 270 in summer 1915, and 480 by December 1915. Krupp's actual output of new guns reached 2,481 August 1915–July 1916 compared to 1,264 in first year of the war. All told, Krupp by itself turned out 10,843 complete artillery pieces and 9,439 gun barrels over the course of the war. Although not nearly as impressive as Krupp, Škoda too, expanded dramatically. The Austrian firm had a workforce of 9,600 in 1913, but increased to 14,000 workers in 1914, and ultimately reached 30,000 by 1916. Škoda produced 3,554 gun barrels in 1916 up from 240 in 1914.³

Among the Allies, French war production achieved phenomenal levels by ultimately out producing Britain and equipping the American Expeditionary Force. On the eve of the Great War, French government arsenals employed 38,000 workers compared to 12,500 in private armaments factories. By 1918, roughly 80 percent of France's 1.675 million armament workers labored in private plants. Because German occupation deprived the French of key elements in their coal and steel sectors, Schneider-Creusot enhanced its position as France's largest metallurgical complex during the war. Starting the war with some 12,000 workers, Schneider employed 20,000 workers in 1917. In addition, Creusot functioned as the main clearing center for domestic and imported metals. In September 1914, Schneider received an order for eighty artillery pieces. By May 1915, the firm received additional orders for 512 75mm pieces. When France launched its major heavy artillery program (155mm guns and 220mm howitzers) in 1916, again the French government looked to Schneider to manufacture over half of them (390 guns). By the end of the war, France was churning out 971 artillery pieces a month and 261,200

² J. A. Grant, *Rulers, Guns, and Money, The Global Arms Trade in the Age of Imperialism* (Cambridge, MA: Harvard University Press, 2007).

³ H. James, *Krupp: A History of a Legendary German Firm* (Princeton, NJ: Princeton University Press, 2012), 2, 39, 97, 115, 135, 140; H. Strachan, *The First World War, Volume I: To Arms* (Oxford: Oxford University Press, 2003), 1030, 1036–1037, 1047–1048.

shells daily compared to Britain's 689 artillery pieces per month and 229,400 shells a day.⁴ In terms of aircraft engine production, France produced roughly 90,000 aircraft engines during the war, more than double that of Britain or Germany, and the firm Gnôme et Rhône turned out more engines than any other firm in the world.⁵ For Britain, Vickers in Barrow had produced only nineteen eighteen-pounder artillery pieces in 1914, but dramatically increased its output to 1,191 pieces in 1915. Even though the firm fell behind its production schedule for machine guns, delivering 1,022 out of 1,792 weapons due by July 1915, ultimately Vickers by itself supplied 30 percent of all machine gun for the British Army during the war, and the Vickers machine gun became the preferred weapon of British army. In terms of naval construction, Vickers built total displacement tonnage of 200,000 including submarines.⁶

Criticism of the armaments business and legendarily nefarious arms traders, especially Zaharoff, emerged already during the war and immediately after. In 1915, Jane Addams's Women's International League for Peace and Freedom meeting at The Hague found "in the private profits accruing from the great arms factories a powerful hindrance to the abolition of war."⁷ Upon the entry of the US into the conflict in 1917, President Woodrow Wilson in Point IV of his Fourteen Points called for "Adequate guarantees given and taken that national armaments will be reduced to the lowest point consistent with domestic safety." After the war, the League of Nations in Article 8 of its Covenant expanded on Addams's and Wilson's points by asserting, "The Members of the League recognise that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations . . . The Members of the League agree that the manufacture by private enterprise of munitions and implements of war is open to grave objections. The Council shall advise how the evil effects attendant upon such manufacture can be prevented, due regard being had to the

⁴ J. F. Godfrey, *Capitalism at War: Industrial Policy and Bureaucracy in France, 1914–1918* (New York: Berg, 1987), 221–222, 257; G. Hardach, "Industrial Mobilization in 1914–1918: Production, Planning, and Ideology," in Patrick Fridenson (ed.), *The French Home Front 1914–1918* (Providence, RI: Berg, 1992), 60, 63, 74; A. Bostrom, "Supplying the Front, French Artillery Production during the First World War," *French Historical Studies*, vol. 39, no. 2 (2016), 261, 282; Strachan, 1052.

⁵ J. M. Laux, "Gnôme et Rhône – An Aviation Engine Firm in the First World War," in Fridenson, *The French Home Front 1914–1918*, 149–150.

⁶ J. D. Scott, *Vickers: A History* (London: Weidenfeld and Nicolson, 1962), 104–105, 112; Strachan, 1068.

⁷ Quoted in R. H. Ferrell, "The Merchants of Death, Then and Now," *Journal of International Affairs*, vol. 26, no. 1 (1972), 29.

necessities of those Members of the League which are not able to manufacture the munitions and implements of war necessary for their safety.” By 1921, a League Commission compiled a list of complaints against the private arms trade including that arms firms (1) caused wars, (2) employed political influence to win orders, (3) formed “rings” to exploit home government, (4) and employed bribery to secure foreign orders.

After receding into the background by the mid 1920s, the “Merchants of Death” critique reemerged full force in Britain and the US in the period 1933–1937. In part, such a turn in public perception stemmed from the changing international context from the mid 1920s to the mid 1930s. The image of the legendary arms trader faded away in the mid 1920s as the Locarno Treaty ushered in an era of rising hopes for peaceful solutions to international conflicts, especially between France and Germany. Such optimism lasted until 1933 when Germany withdrew from the Disarmament Conference in Geneva.⁸ Subsequently, German rearmament came out openly under Hitler, and rearmament turned into arms race. By that time, many politicians had come to agree with Sir Edward Grey, British Foreign Secretary in 1914, who subsequently wrote, “The moral is obvious: it is that great armaments lead inevitably to war . . . The enormous growth of armaments in Europe, the sense of insecurity and fear caused by them – it was these that made war inevitable.”⁹ As rearmament accelerated, the accepted causal connection between armaments and war heightened popular anxiety and fostered an environment conducive to exposing the culprits responsible for the whole unsavory business, namely the private arms manufacturers. As David Anderson has shown, “Between 1933 and 1936 especially, Britain witnessed a feverish revival of the ‘Merchants of Death’ controversy which ended unresolved under the treads of a rearmament campaign that had to be shielded from public criticism.”¹⁰

The mid 1930s witnessed the publication of the most popularly famous treatments of the subject. Fenner Brockway precipitated the deluge with his pamphlet *The Bloody Traffic* (1933), in which he rehashed the Zaharoff stories from before 1914 and added contemporary indictments of the French firm Schneider-Creusot with its powerful subsidiary Škoda as the most important private armaments concern in Europe. He also laid out the process by which the armament salesman induced small

⁸ D. G. Anderson, “British Rearmament and the ‘Merchants of Death’: The 1935–36 Royal Commission on the Manufacture of and Trade in Armaments,” *Journal of Contemporary History*, vol. 29, no. 1 (1994), 8.

⁹ Quoted in C. Kitching, *Britain and the Problem of International Disarmament, 1919–1934* (London: Routledge, 1999), 9.

¹⁰ Anderson, 5–6.

countries to buy arms that they could not afford by taking loans from foreign banks. Those banks then turned to their home governments to guarantee the payments, and in exchange the home governments gained political and economic influence over the small buyer states.¹¹ Other works soon followed Brockway including a journalistic investigation published in *Fortune* magazine in spring 1934 entitled “Arms and the Men,” H. C. Engelbracht and F. C. Hanighen’s work *Merchants of Death: A Study of the International Armament Industry* (1934), and Philip Noel-Baker’s *The Private Manufacture of Armaments* (1937). *Merchants of Death*’s popularity even earned it a place as a Book-of-the-Month Club selection.¹² The evils of the armaments business purportedly included causing wars, using political influence to gain orders, colluding in armorers’ rings and interlocking directorates to exploit their home governments, and employing bribery to secure foreign orders.¹³ These accounts spurred government munitions inquiries in the US (Senate Munitions Inquiry or Nye Committee) and Britain (Royal Commission on the Manufacture of and Trade in Armaments).¹⁴ In France, too, attacks on the Merchants of Death only began in 1933. The first article calling out French war profiteers appeared in October 1933, Jean Gaultier-Boissière’s “Les marchands de canons contre la Nation.” Gaston Gros’s *La République des coquins* followed in 1934. Based on the largely inconclusive findings of parliamentary commissions from the 1920s that looked into war profits, these attacks harshly condemned the wartime industrialists.¹⁵ Concealment of war profits was common practice in France. For example, a parliamentary investigation calculated Gnome et Rhône’s net profit at ₣33.6 million in 1916 as opposed to ₣14.3 million reported by the firm.¹⁶

As journalistic and political exposés rather than scholarly studies, much of the Merchants of Death accounts have lacked concrete evidence from within the firms themselves. Clive Trebilcock, writing in

¹¹ F. Brockway, *The Bloody Traffic* (London: Victor Gollancz Ltd., 1933), 22–23, 38–50, 202–203, 205, 262.

¹² Ferrell, 31.

¹³ H. C. Engelbrecht and F. C. Hanighen, *Merchants of Death: A Study of the International Armaments Industry* (New York: Dodd, Mead, 1934), 4; C. Trebilcock, “Legends of the British Armaments Industry, 1890–1914; A Revision,” *Journal of Contemporary History*, vol. 5, no. 4 (1970), 4.

¹⁴ For Nye Committee, see M. R. Wilson, *Destructive Creation: American Business and the Winning of World War II* (Philadelphia: University of Pennsylvania Press, 2016), 32–47; M. W. Coulter, *The Senate Munitions Inquiry of the 1930s: Beyond the Merchants of Death* (Westport, CT: Greenwood Press, 1997); J. E. Wiltz, *In Search of Peace: The Senate Munitions Inquiry, 1934–1936* (Baton Rouge: Louisiana State University Press, 1963). For the Royal Commission, see Anderson, 5–37.

¹⁵ Godfrey, 219–220. ¹⁶ Hardach, 77; Laux, 147.

1970 about the pre-1914 period generally and Zaharoff specifically, dismissed much of the interwar period criticism as overly “obsessed with the ‘arms traffic’ and neglecting the industry behind it. It was out of this preoccupation that many of the legends of the armourers grew.” In particular, Trebilcock observed that bribery constituted more of a problem of the given country as market rather than armaments as a product.¹⁷ Although there are a number of very good business histories covering individual armaments firms such as Vickers, Krupp, Škoda, or Schneider-Creusot, by and large that scholarship has not devoted much attention to the role of arms exports or the interwar era.¹⁸ While the gist of the complaints about the Merchants of Death (bribery, corruption, and the desire to keep factories working) may be generally on target, the specifics have been inaccurate or lacking entirely. Consequently, much of the issues remain unaddressed and not seriously investigated.

One such issue is the question of ownership versus corporate control. Many contemporaries and scholars have assumed that Eugene Schneider played a key role as a merchant of death because Schneider-Creusot purchased the majority of Škoda stock in 1919. As Brockway put it, “Through the Škoda works, Schneider-Creusot extends its connections wide over Eastern Europe.”¹⁹ Engelbrecht described “Schneider’s empire” over Central and Eastern Europe and Škoda as, “another octopus with many tentacles.”²⁰ He also accused Schneider and Škoda of selling hundreds of tanks to Hitler.²¹ In *Merchants of Death*, the authors further claimed financial connections from Eugene Schneider to fund Hitler through the agency of two Germans who were allegedly directors of Škoda.²² Although these unsubstantiated allegations have not been borne out, historians have tended to accept Škoda as simply an extension of the French firm throughout the interwar period. In this way,

¹⁷ Trebilcock, 3–19, quote 19. For a more recent survey of the literary image of Zaharoff, see J. Moine, “Basil Zaharoff (1849–1936), le ‘marchand de canons,’” *Ethnologie française*, nouvelle série, t. 36, no. 1, De la censure à l’autocensure (2006), 139–152.

¹⁸ Scott, *Vickers*; V. Karlický, *Svět Okřídleného Štípu Koncern Škoda Plzeň 1918–1945* (Plzeň: Škoda, 1999); James, *Krupp*. Some journal articles do take up the arms business. See C. Beaud, “Une multinationale française au lendemain de la Première Guerre mondiale: Schneider et l’Union Européenne Industrielle et Financière,” *Histoire, économie et société*, 2e année, vol. 4 (1983), 625–645; K. Tenfelde, “Disarmament and Big Business: The Case of Krupp, 1918–1925,” *Diplomacy & Statecraft*, vol. 16, no. 3 (2005), 531–549; C. M. Leitz, “Arms Exports from the Third Reich, 1933–1939: The Example of Krupp,” *The Economic History Review*, New Series, vol. 51, no. 1 (1998), 133–154.

¹⁹ Brockway, 259.

²⁰ H. C. Engelbrecht, “The International Armament Industry,” *Annals of the American Academy of Political and Social Science*, vol. 175 (1934), 76.

²¹ H. C. Engelbrecht, “The Problem of the Munitions Industry,” *The Annals of the American Academy of Political and Social Science*, vol. 174 (1934), 121.

²² Engelbrecht and Hanighen, 3.

Škoda serves as a proxy for Schneider, and in turn Schneider serves as a proxy for French government influence. Thus, as Mogens Pelt describes it, “Schneider-Creusot served as France’s industrial spearhead in the area. The French firm controlled Škoda, the leading Czechoslovak company within steel and armament production: by this means, France also controlled the industry in both Romania and Yugoslavia.”²³ Insights for International Business studies offer a more comprehensive understanding of the actions taken within the Schneider–Škoda relationship. As Anoop Madhok observed, overemphasis on the level of equity ownership predominated in the older literature, but “ownership in any case need not equate with control . . . minority ownership does not mean sacrificing control and one can have control without ownership. Equity ownership may provide only an illusion of control, whereas actual control can come through other avenues.”²⁴ As we shall see, in pointing the finger at Eugene Schneider the literature has been misdirected.

Disarmament and Arms Traffic Control

The first efforts to control arms trafficking were rooted in European concerns about maintaining colonial control in the late nineteenth century. Although England had enabled the King to prohibit the transport of gunpowder, arms, and ammunition under the Tonnage and Poundage Act of 1660, and The Customs Act of July 5, 1825, listed arms and ammunition as goods that could be prohibited from export by proclamation or Order in Council, the British only created a temporary licensing system for arms trafficking during the Crimean War as a means to prevent the delivery of weapons to Russia. The system consisted of a series of instructions to British customs officials that allowed them to prevent the export of prohibited items to Russia or specific areas in Europe and the Mediterranean from which they could potentially have been transshipped to Russia. Otherwise, customs officers could not impede the export of arms.²⁵ The 1890 Brussels Convention was the first major international agreement that attempted to limit arms trafficking as a method to suppress

²³ M. Pelt, *Tobacco, Arms and Politics; Greece and Germany from World Crisis to World War, 1929–41* (Copenhagen: University of Copenhagen Press, 1998), 159. A similar view is expressed by Steiner. See Z. Steiner, *The Triumph of the Dark: European International History, 1933–1939* (Oxford: Oxford University Press, 2011), 378.

²⁴ A. Madhok, “How Much Does Ownership Really Matter? Equity and Trust Relations in Joint Venture Relationships,” *Journal of International Business Studies*, vol. 37, no. 1 (2006), 7.

²⁵ E. Atwater, “British Control over the Export of War Materials,” *The American Journal of International Law*, vol. 33 (1939): 292–296.

the slave trade in Africa, but arms control had not been the primary goal of the convention.²⁶

Colonial security continued to drive British concerns for controlling the arms traffic after 1919. Specifically, the possibilities of colonials or anti-imperialist subversive communist groups getting their hands on weapons motivated British authorities to prevent the large stocks of world war surplus weapons from pouring into the British Empire. The British government extended the licensing system imposed during the First World War, but transferred oversight of the arms traffic to the Board of Trade. On March 24, 1921, the new order specified a prohibition against the export of most arms and ammunition unless a license was obtained from the Board of Trade. The 1921 order thus established standing controls over armament exports from the UK in peacetime. Under British law, with a general license one could ship anywhere except to Germany, Austria, Hungary, Bulgaria, Russia, China, and colonial Africa. The Ethiopian Arms Traffic Treaty of August 21, 1931, expanded the British licensing system for arms export to include Ethiopia. The new licensing regime did not severely restrict the flow of weapons as the vast majority of requests for export licenses received approval. Indeed, between 1931 and 1937 British licenses granted for the export of war materiel averaged over 400 annually. On the other hand, the British government only denied twenty-seven licenses over the whole period. In practice the British Foreign Office, in consultation with the armed forces, determined whether or not to issue an export license based on those ministries' interpretation of national policy. The Board of Trade then executed the decision.²⁷

The attempts to control arms exports gained their greatest momentum during the two decades following the First World War. Moved by the public disgust with the private arms trade as a cause of the Great War, the League of Nations considered control of the arms traffic as fitting under the broad umbrella of general disarmament because limiting arms exports would generally promote peace and avoid war. The European colonial powers actually found common ground in the desire to regulate the arms traffic based on their mutual fears that the arms trade threatened to undermine their hold over their empires. The smaller states opposed arms traffic controls as an infringement of their sovereignty and a threat to their security. In this instance, the Great Powers concurred on

²⁶ D. R. Stone, "Imperialism and Sovereignty: The League of Nations' Drive to Control the Global Arms Trade," *Journal of Contemporary History*, vol. 35, no. 2 (2000), 213–215.

²⁷ Atwater, 297–302, 314–315.

the need to control arms trafficking, but the smaller states led by delegates from the East European states of Greece, Turkey, and Romania, worked diligently to ensure that no Geneva agreement would impede their ability to acquire arms as they pleased. Although the attempt at Geneva to exercise effective international control over the arms trade through an official Arms Traffic Convention failed, the interwar period efforts did bear some fruit in establishing the licensing of arms exports, publicity, and publication of export figures as principles for a future arms control regime. For example, by the end of the 1930s, the licensing of arms exports had become normative for Belgium, Sweden, France, Britain, and the US.²⁸

The interwar era also witnessed the development of the arms embargo as a tool of arms trade control. In particular, the arms embargo on warlord China 1919–1929 was the most sustained effort of this kind. The US, Britain, France, and Italy agreed not to allow the sale of arms and war materiel to China in the hope that denying all parties the means to equip their forces would end the internal fighting and prevent any further disintegration of the country. However, many other countries, most notably Czechoslovakia, did not join the embargo and private firms from those countries enjoyed very profitable returns. In fairness, French and Italian officials also violated the embargo in pursuit of the China arms trade. Even though it failed, the China arms embargo did mark the first international embargo against a single country.²⁹

Studies of general disarmament in the interwar era tend to focus on explaining the movement's failure. International approaches to disarmament have concentrated on the role of the League of Nations and the international Disarmament Conferences since the League's Covenant set disarmament as a fundamental task in 1919. This process culminated with the failure of the World Disarmament Conference in Geneva between February 1932 and June 1934.³⁰ Many works have approached the problem from the perspective of an individual major power and why

²⁸ Stone, 214, 222–224, 226–229.

²⁹ G. Xu, "American-British Aircraft Competition in South China, 1926–1936," *Modern Asian Studies*, vol. 35, no. 1 (2001), 158; A. Skřivan Jr., "Czechoslovak Arms Exports to China in the Interwar Period," *ÓT KONTINENS, az Új- és Jelenkori Egyetemes Történeti Tanszék közleményei*, no. 2010 (2011), 233–244.

³⁰ A. Webster, "The Transnational Dream: Politicians, Diplomats and Soldiers in the League of Nations' Pursuit of International Disarmament, 1920–1938," *Contemporary European History*, vol. 14, no. 4 (2005), 494–495; A. Webster, "Piecing Together the Interwar Disarmament Puzzle: Trends and Possibilities," *International Journal*, vol. 59, no. 1 (2003/2004), 198; Z. Steiner, *The Lights That Failed: European International History, 1919–1933* (Oxford: Oxford University Press, 2005), 755–796, 812–815.

that power opposed disarmament.³¹ Although one study of French policy emphasized that the goal of French policy was how not to disarm,³² more recent works emphasize that France sought security guarantees as the precondition for disarmament as expressed in French minister Edourd Herriot's 1924 formula of arbitration-security-disarmament. France demanded security guarantees applying to Eastern Europe, and French representatives called for the consideration of land, naval, and air armaments limitations in connection with limits on the size of conscript armies and industrial capacity.³³ David Edgerton and others have painted a picture of Britain paying only half-hearted lip service to disarmament while maintaining high levels of military expenditure during the 1920s.³⁴ Carolyn Kitching has argued that overall, Britain lacked a real strategy for international disarmament other than reacting to the motions of other powers. While British ministers might have talked about arms reductions for economic reasons as a manifestation of Britain's unilateral disarmament, they paid no attention to international obligations for multilateral disarmament as required by the Treaty of Versailles and the Covenant of the League of Nations. She concludes that when Britain could no longer avoid the disarmament issue the policy became trying "to ensure that the blame for failure to meet international obligations was placed firmly on the shoulders of others."³⁵ Contrary to the myth that Britain tried to foster "disarmament by example," British defense expenditures increased 1924–1929, and in per capita terms British figures exceeded the levels of any other power.³⁶

In contrast to Kitching, others argue that Britain actively sought disarmament. Thomas Davies argues that the British government advocated a direct approach to disarmament whereby countries should disarm first,

³¹ E. Bennett, *German Rearmament and the West, 1932–1933* (Princeton, NJ: Princeton University Press, 1979); M. Vaïsse, *Sécurité d'abord: la politique française en matière de désarmement, 9 décembre 1930–17 avril 1934* (Paris: Publications de la Sorbonne, 1981); C. Hall, *Britain, America and Arms Control, 1921–1937* (London: Macmillan, 1987); D. Richardson, *The Evolution of British Disarmament Policy in the 1920s* (London: Printer, 1989); P. Jackson, "France and the Problems of Security and International Disarmament after the First World War," *Journal of Strategic Studies*, vol. 29, no. 2 (2006), 247–280.

³² Vaïsse, 25.

³³ P. Jackson, *Beyond the Balance of Power: France and the Politics of National Security in the Era of the First World War* (Cambridge: Cambridge University Press, 2013), 374–375, 429; A. Adamthwaite, *Grandeur and Misery: France's Bid for Power in Europe, 1919–1940* (London: Arnold, 1995), 127, 190–191.

³⁴ K. Narizny, "Both Guns and Butter, or Neither: Class Interests in the Political Economy of Rearmament," *The American Political Science Review*, vol. 97, no. 2 (2003), 209–210; D. Edgerton, *Warfare State, Britain, 1920–1970* (Cambridge: Cambridge University Press, 2006), 5, 18, 23.

³⁵ Kitching, 5. ³⁶ *Ibid.*, 21.

and then security would follow. This British position collided with the French indirect approach seeking security as the necessary precondition before disarmament could proceed. According to Davies, “The need to bridge the divide between the British and French approaches to disarmament was the principal challenge for the disarmament movement for the next dozen years.”³⁷ David Kern sees the central difference in the British “disarmament first” position versus the “security first” French view arising from the new concept of qualitative disarmament that emerged in the mid 1920s. Britain, the US, and Germany accepted the qualitative approach, which identified certain types of armaments as aggressive. According to Kern, “Britain was a consistent supporter of qualitative disarmament throughout the period, supporting the prohibition of tanks and heavy caliber artillery, as well as bomber aircraft.”³⁸ B. J. C. McKercher argues that the British government actively pursued an international disarmament regime under the League of Nations 1925–1933, and that British policy shifted “from one working toward disarmament to one embarking on rearmament” between October 1933 and March 1936.³⁹

While the general disarmament literature has not taken up the question of the arms trade in a sustained way, specific literature on the naval disarmament does speak to the issue. Donald Stoker, Jr., has convincingly argued that even though Britain, the US, and France interpreted the agreements differently, an unintended consequence of the Washington Agreements stemming from the Washington Naval Conference 1921–1922 was restricted naval purchases for the smaller states of the Baltic. For example, in 1924 the British refused the sale of destroyers and submarines to Poland on the grounds that the transactions would violate their understanding of the Washington Agreements. While less strict in their views than the British, American officials used the treaties to discourage sales they opposed. Meanwhile, the French would allow exceptions to the agreements in pursuit of French interests.⁴⁰ Serhat Güvenç noted in his study of Turkish naval purchases that the “pro-disarmament producers” (Britain and the US) cut off state guarantees or subventions for foreign sales. As a result, Turkey found its options for naval suppliers severely restricted because Turkey could not afford

³⁷ T. R. Davies, *Possibilities of Transnational Activism: The Campaign for Disarmament between the Two World Wars* (Boston: Brill Academic, 2006), 64.

³⁸ D. W. Kern Jr., *Great Power Security Cooperation: Arms Control and the Challenge of Technological Change* (Lanham, MD: Lexington Books, 2015), 99–100, quote 103.

³⁹ B. J. C. McKercher, “From Disarmament to Rearmament: British Civil-Military Relations and Policy Making, 1933–1934,” *Defence Studies*, vol. 1, no. 1 (2001), 22.

⁴⁰ D. J. Stoker Jr., *Britain, France and the Naval Arms Trade in the Baltic 1919–1939: Grand Strategy and Failure* (London: Frank Cass, 2003), 52, 58–59, 61–62.

to purchase warships without the aid of foreign credits and government guarantees.⁴¹ Even though naval disarmament did not figure so prominently in Eastern Europe since most countries primarily operated as land powers, Güvenç's point about Turkish naval difficulties should be applied more broadly throughout the region and extended beyond the naval trade to encompass military and aircraft sales as well.

Rearmament

Because of rearmament and the coming of World War II, studies of the arms trade have generally neglected the 1920s and paid more attention to the 1930s. Most approaches treat the arms trade as a political phenomenon and adopt a state-centered approach without much regard for the private business dimensions. In the seminal scholarly examination of the interwar arms trade using supplier and buyer countries as the units of analysis, the political scientist Robert Harkavy established a very good composite of the contours of the global armaments business for the years 1930 to 1940. He showed that Britain and France were the biggest arms exporters overall if one took into account all the categories of armaments for land, sea, and air.⁴² More recently, Joseph Maiolo examined rearmament and the arms race as a central feature of the international system during the interwar era starting with Soviet rearmament in 1929. He takes the arms race as an independent and overriding force rather than a simple choice of whether to arm or not. He shows how the arms race wave buffeted all the Major Powers (the Soviet Union, Japan, Germany, Great Britain, France, Italy, and the US) as it rolled through the sea of international relations.⁴³

Scholarship dedicated to the study of the arms trade for individual East European countries remains sparse. Usually these works only

⁴¹ S. Güvenç, "Building a Republican Navy in Turkey: 1924–1939," *International Journal of Naval History*, vol. 1, no. 1 (April 2002), 4.

⁴² R. E. Harkavy, *The Arms Trade and International Systems* (Cambridge, MA: Ballinger, 1975), 68.

⁴³ J. Maiolo, *Cry Havoc: How the Arms Race Drove the World to War, 1931–1941* (New York: Basic Books, 2010); R. Frankenstein, *Le Prix du Réarmement Français, 1935–1939* (Paris: Publications de la Sorbonne, 1982). Examples of Britain and Rearmament include R. P. Shay Jr., *British Rearmament in the Thirties: Politics and Profits* (Princeton, NJ: Princeton University Press, 1977); G. C. Peden, *British Rearmament and the Treasury, 1932–1939* (Edinburgh: Scottish Academic Press, 1979); G. A. H. Gordon, *British Seapower and Procurement between the wars: A Reappraisal of Rearmament* (Annapolis, MD: Naval Institute Press, 1988); J. Ruggiero, *Neville Chamberlain and British Rearmament: Pride, Prejudice, and Politics* (Westport, CT: Greenwood Press, 1999); E. W. Bennett, *German Rearmament and the West, 1932–1933* (Princeton, NJ: Princeton University Press, 1979).