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The Pity of Peace: The Origins of the Second World War Revisited

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THE GERMAN THREAT

Not all of the judgements in A. J. P. Taylor's *The Origins of the Second World War*, published forty-five years ago, have stood the test of time. Taylor was right about the Western powers: the pusillanimity of the French statesmen, who were defeated in their hearts before a shot had been fired; the hypocrisy of the Americans, with their high-faluting rhetoric and low commercial motives; above all, the muddle-headedness of the British. Where Taylor erred profoundly was when he sought to liken Hitler's foreign policy to 'that of his predecessors, of the professional diplomats at the foreign ministry, and indeed of virtually all Germans',¹ and when he argued that the Second World War was 'a repeat performance of the First'.² Nothing could be more remote from the truth. Bismarck had striven mightily to prevent the creation of a Greater Germany encompassing Austria. Yet this was one of Hitler's stated objectives, albeit one that he had inherited from the Weimar Republic. Bismarck's principal nightmare had been one of 'coalitions' between the other great powers directed against Germany. Hitler quite deliberately created such an encircling coalition when he invaded the Soviet Union before Britain had been defeated. Not even the Kaiser had been so rash; indeed, he had hoped he could avoid war with Britain. Bismarck had used colonial policy as a tool to maintain the balance of power in Europe. Hitler was uninterested in overseas acquisitions even as bargaining counters. Throughout the 1920s Germany was consistently hostile to Poland and friendly to the Soviet Union. Hitler reversed these positions within little more than a year of coming to power.³

It is true, as Taylor contended, that Hitler improvised his way through the diplomatic crises of the mid-1930s with a combination of intuition and luck. Hitler himself admitted that he was a gambler with a low aversion to risk ('All my life I have played *va banque*.') But what was Hitler gambling to win? This is not a difficult question

* This paper is an extract from my forthcoming book, *The War of the World: History's Age of Hatred*, to be published by Penguin in 2006. Full acknowledgements for assistance, as well as a complete bibliography, will be provided in the book.

to answer because Hitler answered it repeatedly. He was not content, like Stresemann or Brüning, merely to dismantle the Versailles Treaty – a task that the Depression had half-done for him even before he became Chancellor. Nor was his ambition to restore Germany to her position in 1914. It is not even correct, as the German historian Fritz Fischer suggested, that Hitler's aims were similar to those of Germany's leaders during the First World War, namely to carve out an East European sphere of influence at the expense of Russia. Hitler's goal was different. Simply stated, it was to enlarge the German Reich so that it embraced as far as possible the entire German *Volk* and in the process to annihilate what he saw as the principal threats to its existence, namely the Jews and Soviet Communism (which to Hitler were one and the same). Like Japan's proponents of territorial expansion, he sought 'living space' in the belief that Germany required more territory because of her over-endowment with people and her under-endowment with strategic raw materials. The German case was not quite the same, however, because there were already large numbers of Germans living in much of the space that Hitler coveted. When Hitler pressed for self-determination on behalf of ethnic Germans who were not living under German rule – first in the Saarland, then in the Rhineland, Austria, the Sudetenland and Danzig – he was not making a succession of quite reasonable demands, as British statesmen were inclined to assume. He was making a single unreasonable demand which implied territorial claims extending far beyond the River Vistula. Hitler wanted not merely a Greater Germany; he wanted the Greatest Possible Germany. Given the very wide geographical distribution of Germans in East Central Europe, that implied a German empire stretching from the Rhine to the Volga. Nor was that the limit of Hitler's ambitions. For the creation of this maximal Germany was intended to be the basis for a German world empire that would be, at the very least, a match for the British Empire.

When this is understood, British policy appears not merely muddled but culpably negligent. Throughout the first half of the twentieth century British decision-making was predicated on the assumption of weakness. This is at first sight paradoxical, since at that time Britain's was by far the largest of the world's empires. But it was precisely the extent of their commitments that made the British feel vulnerable. They could not reconcile the need simultaneously to defend the United Kingdom and their possessions in

the Middle East and Asia – to say nothing of Africa and Australia – with the imperatives of traditional public finance and domestic politics. Before 1914 the British Foreign Secretary Sir Edward Grey had, with Winston Churchill's support, committed Britain to the side of France and Russia in the event of a continental war, despite the fact that Britain lacked the land forces to honour that commitment other than belatedly and at a painfully high cost.⁴ Yet Grey's successors in the 1930s arrived at an even worse compromise. Grey had at least committed Britain to a grand coalition that was reasonably likely to defeat Germany and her allies. The worst that can be said of British policy before 1914 was that too little was done to prepare Britain for that land war against Germany which her diplomacy implied she might have to fight. What was at stake was essentially the future of France. What was at stake in 1939 was the future of Britain.

The statesmen of the 1930s were not blind to the danger posed by a Germany dominant on the continent. On the contrary; it became conventional wisdom that the nation's capital would be flattened within 24 hours of the outbreak of war by the might of Hermann Göring's Luftwaffe.⁵ In 1934 the Royal Air Force estimated that the Germans could drop up to 150 tons a day on England in the event of a war in which they occupied the Low Countries. By 1936 that figure had been raised to 600 tons a day and by 1939 700 tons a day – with a possible deluge of 3,500 tons on the first day of war.⁶ In July 1934 Baldwin declared 'When you think of the defence of England you no longer think of the chalk cliffs of Dover; you think of the Rhine. That is where our frontier lies.'⁷ Yet he and his successor failed altogether to devise an effective response to the German threat. It was one thing to let the Japanese have Manchuria; it meant nothing to British security. The same was true of letting the Italians have parts of Abyssinia; even Albania could be theirs at no cost to Britain. The internal affairs of Spain, too, were frankly irrelevant to the British national interest. But the rise of a Greater Germany was a different matter.

It was of course possible that Hitler was sincere when he protested that German expansion in East Central Europe would pose no threat to the British Empire. There were numerous instances when Hitler expressed his desire for an alliance or understanding with Britain, beginning with *Mein Kampf*. At times he displayed, as Sir Eric Phipps put it, 'an almost touching solicitude for the welfare of the British Empire.'⁸ Time and again

after 1939, Hitler expressed regret that he was fighting Britain, because he doubted ‘the desirability of demolishing the British Empire’.⁹ He often alluded to the racial affinity he believed existed between the Anglo-Saxons and the Germans. Such statements led some at the time, and have led some subsequent historians, to imagine that peaceful co-existence between the British Empire and a Nazi Empire might have been possible – that the great mistake was not appeasement, but its abandonment in 1939. Perhaps, it has even been suggested, peace could have been restored in 1940 or 1941, if only someone other than Churchill had been in charge of British policy.¹⁰

‘Standing aside’ had certainly been an option for Britain in 1914. The Kaiser’s Germany would not easily have won a war against France and Russia; even in the event of victory, the threat to Britain would have been relatively limited, not least because Wilhelmine Germany was a constitutional monarchy with a powerful organized labour movement. Moreover, the Kaiser did not have the Luftwaffe. Hitler’s Germany was a different matter. Perhaps Hitler was a sincere Anglophile; the Kaiser had sometimes been one too. But no one could be sure if Hitler was telling the truth or, even if he was, that he might not one day change his mind. We know that he did. Encouraged by a disillusioned Joachim von Ribbentrop to regard Britain as a declining power, Hitler came to the conclusion as early as late 1936 that ‘even an honest [*sic*] German-English rapprochement could offer Germany no concrete, positive advantages’, and that Germany therefore had ‘no interest in coming to understanding with England’.¹¹ As he put it in meeting with his military chiefs in November 1937 (recorded in the famous ‘Hossbach Memorandum’), Britain was a ‘hate-inspired antagonist’ whose Empire ‘could not in the long run be maintained by power politics’.¹² On January 29, 1939, work began on the construction of a new German navy consisting of 13 battleships and battlecruisers, 4 aircraft carriers, 15 *Panzerschiffe*, 23 cruisers and 22 large destroyers known as *Spähkreuzer*. There could be no doubt against whom such a fleet would have been directed, had it ever been built.

In short, Hitler’s Germany posed a potentially lethal threat to the security of the United Kingdom. Hitler said he wanted *Lebensraum*. If his theory was right, its acquisition could only make Germany stronger. A bigger Germany would be able to afford a larger air force as well as an Atlantic battle fleet. The likelihood of peaceful

coexistence on such a basis was minimal. For this reason, historians writing in the aftermath of the war were generally very critical of the policy of appeasement.¹³ Yet for nearly twenty years the tide of scholarship has run the other way, offering a variety of justifications for Neville Chamberlain's foreign policy.¹⁴ It has been argued that there was no real alternative to appeasement given the 'overstretched' character of Britain's overseas commitments; that confrontation with Germany would have required unimaginable diplomatic realignments; that public opinion was overwhelmingly pacifist; and, perhaps crucially, that appeasement was a product of insuperable economic constraints. This paper seeks to challenge this defence and, in particular, to cast doubt on the argument that there was no economically viable alternative policy available.

British policy-makers had, in theory, four possible responses to Hitler to choose from:¹⁵

1. Acquiescence
2. Retaliation
3. Deterrence
4. Pre-emption.

Acquiescence meant hoping for the best, trusting that Hitler's protestations of goodwill towards the British Empire were sincere, and letting him have his wicked way with Eastern Europe. Until the end of 1938 this was the core of British policy. The second option was retaliation – that is to say, reacting to offensive action by Hitler against Britain or her chosen allies. This was Britain's policy in 1939 and 1940. The defects of options 1 and 2 are obvious. Since Hitler was not in fact to be trusted, acquiescence gave him several years in which to enlarge Germany and her armaments. Electing to retaliate against him when he attacked Poland was still worse, since it embroiled Britain in a war that could not easily be won. The British also tried deterrence, the third option, as a complement to appeasement, but their concept proved to be fatally flawed. Fearful as they were of aerial bombardment, they elected to build bombers of their own, with a range sufficient to reach the biggest German cities. Hitler was undeterred. A more credible deterrent would have been an alliance with the Soviet Union, but that possibility was effectively rejected in 1939 and had to be thrust upon Britain by Hitler himself in

1941. Thus, the only one of the four options that was never tried was pre-emption – that is to say, an early move to nip the threat posed by Hitler’s Germany in the bud.

What if Britain had stood up to Hitler sooner than in 1939? There were numerous moments prior to that year when Hitler had openly flouted the international *status quo*:

- in March 1935, when he announced his intention to restore conscription in Germany, in violation of the Versailles Treaty;
- in March 1936, when he unilaterally reoccupied the demilitarized Rhineland, in violation of both the Versailles and the Locarno Treaties;¹⁶
- in late 1936 or 1937, when he and Mussolini intervened in the Spanish Civil War, in contravention of the Non-Intervention Agreement they had signed in the summer of 1936;
- in March 1938, when a campaign of intimidation of the Austrian government culminated in the replacement of Schuschnigg, an ‘invitation’ to German troops to march into Austria and Hitler’s proclamation of the *Anschluss*; or
- in September 1938, when he threatened to go to war to separate the Sudetenland from Czechoslovakia.

Of all of these moments, it will be argued here, the most propitious was surely the Sudeten crisis of 1938. Any defence of appeasement needs to show that it was better to wait another year before confronting Hitler; that ‘cunxion’ (delay) was in Britain’s interest. I hope to show that the very opposite was true; that September 1938 was in fact an excellent moment for a pre-emptive showdown. Chamberlain’s refusal to call Hitler’s bluff and his readiness to sacrifice the territorial integrity of Czechoslovakia, if only for the sake of buying time, was one of the most disastrous lost opportunities in modern British history.

THE STRATEGIC CASE FOR APPEASEMENT

Superficially, the arguments for appeasement still seem sensible and pragmatic when one reads them today. They may be discussed under four headings: strategic, diplomatic, economic and domestic political.

To begin with, it is undeniable that the British had the most to lose from a breakdown of peace. Theirs was the world’s biggest empire, covering roughly a quarter

of the globe. In the words of a 1926 Foreign Office memorandum: ‘So manifold and ubiquitous are British trade and finance that, whatever else may be the outcome of a disturbance of the peace, we shall be the losers.’¹⁷ Given her vast commitments, Britain certainly seemed in no position to worry about any other country’s security. The reality was that defending even her own possessions could prove impossible in the face of multiple challenges. In the words of Field Marshall Sir Henry Wilson, Chief of the Imperial General Staff (writing in 1921): ‘Our small army is much too scattered ... in no single theatre are we strong enough – not in Ireland, nor England, nor on the Rhine, nor in Constantinople, nor Batoum, nor Egypt, nor Palestine, nor Mesopotamia, nor Persia, nor India.’¹⁸ The Royal Navy, too, soon found itself overstretched. The construction of a naval base at Singapore, which began in 1921 but was more or less suspended until 1932, was supposed to create a new hub for imperial security in Asia. But with Britain’s naval forces concentrated in European waters, the base itself threatened to become a source of vulnerability, not strength. In April 1931 the Admiralty acknowledged that ‘in certain circumstances’ the Navy’s fighting capability was ‘definitely below that required to keep our sea communications open in the event of our being drawn into a war’.¹⁹ In the event of a Japanese attack, the Chiefs of Staff admitted in February 1932, ‘the whole of our territory in the Far East as well as the coastline of India and the Dominions and our vast trade and shipping, lies open ...’²⁰ Eight months later, the same body admitted that, ‘should war break out in Europe, far from having the means to intervene, we should be able to do little more than hold the frontiers and outposts of the Empire during the first few months of the war’.²¹ A war in Asia would ‘expose to depredation, for an inestimable period, British possessions and dependencies, trade and communications, including those of India, Australia and New Zealand’.²²

The Dominions – as the principal colonies of white settlement were now known – had played a vital role in the First World War, as suppliers of both materiel and men. Around 16 per cent of all troops mobilized by Britain and her Empire had come from Australia, Canada, New Zealand and South Africa.²³ After the war, they grew still further in economic importance, accounting for around a quarter of British trade by 1938. The adoption of ‘imperial preference’ – empire-wide tariffs – at the Imperial Economic Conference at Ottawa in 1932 was in many ways merely a response to a worldwide

swing towards protectionism, but it reinforced the reliance of British business on imperial markets. Including all British possessions, exports to the Empire accounted for more than two-fifths of total exports.²⁴ Partly encouraged by legislation, and partly by the many inter-war defaults by sovereign borrowers, British investors were also putting more and more of their money into the colonies and dominions. Between 1924 and 1928 around 59 per cent of the value of overseas capital issues on the London market were for imperial borrowers; ten years later the proportion was 86 per cent.²⁵ The Empire was also a treasure house of vital raw materials, which grew more important with each new refinement of military technology. In economic as well as in strategic terms, the Empire never seemed so important to Britain as it did in the 1930s.²⁶ Yet the military (and diplomatic) importance of the Empire was simultaneously declining. Each of the Dominions in turn made it clear that British policy-makers could not take their support for granted in the event of a second great European conflict.²⁷ In a review presented to the Chiefs of Staff in July 1936, the Joint Planning Sub-Committee summed up the military case for appeasement exactly:

From a military standpoint ... because of the immensity of the risks to which a direct attack upon Great Britain would expose the Empire, the present situation dictates a policy directed towards an understanding with Germany and a consequent postponement of the danger of German aggression against any vital interest of ours.²⁸

Moreover, as the Chiefs of Staff observed in 1936: 'The greater our commitments to Europe, the less will be our ability to secure our Empire and its communications.'²⁹

What precisely were Britain's military commitments in Europe? In 1925 the Baldwin government had signed the Treaty of Locarno, guaranteeing the Franco-German and Belgian-German borders as they had been redrawn at Versailles.³⁰ But Locarno conspicuously made no such international commitment with respect to Germany's eastern frontier. Moreover, just as had been the case before 1914, formal commitments to the security of Western Europe were not followed up by meaningful military contingency planning.³¹ As Taylor put it, Locarno seemed to imply that 'Splendid isolation had come again.'³² As a result, when Britain sought to broker an agreement between France and German over disarmament – or, rather, German rearmament, since the British proposals

of January 1934 envisaged a trebling of the German army from 100,000 to 300,000 – the French could legitimately ask what kind of practical reassurance London could offer them for the eventuality of another German invasion. The answer was: None.³³ Britain’s commitment to the defence of Belgium was arguably less binding than it had been in 1914.³⁴ On the other hand, Britain could not pretend that she had no stake in the security of Belgium and France. The May 1934 report of the Defence Requirements Committee reminded the Cabinet of the rather obvious reality that Germany posed a bigger strategic threat than Japan to the United Kingdom and that therefore, as in 1914, Britain might be called on to send troops to the aid of Belgium (and possibly also Holland) in the event of a German invasion of the Low Countries. Indeed, the growing importance of air power made it even more imperative than in the past that the Channel coast should not fall into the hands of a hostile continental power. Germany was therefore ‘the ultimate potential enemy against whom all our “long range” defence policy must be directed’.³⁵

What form should that ‘long range’ policy take? If there was one lesson that might have been learned from 1914 it was that a small standing army in Europe was unlikely to deter the Germans. Yet the option of building up a large land force, available for deployment in Western Europe, was rejected in favour of enlarging the Metropolitan (i.e. British-based) Air Force to eighty or more squadrons, leaving the Army with little more than five regular divisions available to send across the Channel as a ‘Field Force’ – almost exactly as few as there had been in 1914.³⁶ By the end of 1937 its size had actually been reduced. By 1938 it had been turned into an expeditionary force for use only in imperial trouble-spots.³⁷ The ineffectual Minister for the Co-Ordination of Defence, Sir Thomas Inskip, was not oblivious to the risk that was being run:

If France were again to be in danger of being overrun by land armies, a situation might arise when, as in the last war, we have to improvise our army to assist her. Should this happen, the Government of the day would most certainly be criticized for having neglected to provide against so obvious a contingency.

Nevertheless, the decision was taken, as the Minister for War Leslie Hore-Belisha put it, ‘to put the continental commitment last’.³⁸ General Sir Henry Pownall, the Director of Military Operations and Intelligence, was appalled, but overruled.³⁹ The Army’s budget

was actually cut in the wake of the Austrian *Anschluss*.⁴⁰ Things were no better by the time of the Munich Crisis.⁴¹ It was not until February 1939 that the idea of a European expeditionary force was revived and even at that last juncture it was to be composed of just six regular and four territorial divisions.⁴²

The rationale of relying on air power was that Germany would be deterred by it. The role envisaged for Britain's enlarged air force was not defensive but offensive: it was to be, in the words of the future Prime Minister Neville Chamberlain, 'an air force of such striking power that no-one will care to run risks with it'.⁴³ If Britain could credibly threaten to bomb German cities into rubble from the air, so it was argued, the Germans might be deterred from using force against their neighbours. The idea that this might deter Hitler was self-reflexive; because they themselves feared German bombers so much, the British assumed that Hitler would fear their bombers equally.⁴⁴ Though Churchill was right that Germany was out-building Britain as far as numbers of aircraft were concerned, British analysts systematically over-estimated the Luftwaffe's capacity to inflict casualties on the population of the capital.⁴⁵ That in itself was a grave error, for it caused the government to exaggerate the threat Hitler could pose to Britain in 1938; fantasizing about a flattened London became a substitute for thinking about realistic worst case scenarios. Also deplorable was the Air Staff's slowness to work out how Britain's own strategic bombing forces would actually be used; when it came to the crunch in September 1939, Bomber Command confined itself to dropping propaganda leaflets, having come to the conclusion that trying to hit German industrial targets would be too costly.⁴⁶ Most shocking of all is the comparative neglect, until the eleventh hour, of Britain's air defences, which were to prove the nation's salvation in 1940. True, vital work was being done by the Aeronautical Research Department chaired by Henry Tizard, which adopted the radar technology developed by Robert Watson-Watt at the National Physical Laboratory as early as 1935.⁴⁷ But the Air Ministry was much slower to appreciate the need to invest in fighters capable of intercepting incoming bombers. Another side effect of the focus on long-range bombing was that it further diminished the strategic importance of Belgium and France, since it was assumed from the outset that the bombers would fly from British bases.

Thus the British knew they could not defend their Asian Empire if Japanese attacked it; knew they could not defend Belgium and France if Germany struck westwards, much less Poland and Czechoslovakia if Germany struck eastwards; and knew, or thought they knew, that they could not defend London if Hitler sent his Luftwaffe across the Channel. By 1935, incredibly, they were so convinced of their own hopeless vulnerability that they did not even dare fight the Italian navy.⁴⁸

THE DIPLOMATIC CASE

It seemed obvious to those who believed the strategic case for appeasement that Britain needed all the friends she could get. In the words of the Chiefs of Staff in December 1937:

We cannot foresee the time when our defence forces will be strong enough to safeguard our trade, territory and vital interests against Germany, Italy and Japan at the same time. ... We cannot exaggerate the importance from the point of view of Imperial Defence of any political or international action which could be taken to reduce the number of our potential enemies and to gain the support of potential allies.⁴⁹

But who might these potential allies be? Though the French had spent significantly more on defence than the British since the 1920s, most of their investment had been in defensive fortifications, the psychological effects of which were anything but healthy.⁵⁰ The French Foreign Minister, Louis Barthou, sought to create an 'Eastern Locarno' to secure the frontiers of Germany's neighbours to the east and laid the foundation of the Franco-Soviet Mutual Assistance Pact of 1936. However, the British response was lukewarm; the feeling in London was that the French should be willing to make more concessions to the Germans on armament levels.⁵¹ By 1937 Leon Blum had embraced the notion that concessions to Germany in both Eastern Europe and overseas were necessary if peace were to be preserved.⁵² But Chamberlain had little confidence in the French and did practically nothing to make joint Anglo-French action effective. In 1938 the Chiefs of Staff ruled out even 'staff conversations' with the French, since the very term 'has a sinister purport and gives an impression ... of mutually assumed military collaboration'.⁵³ Perish the thought!

The Soviet Union, meanwhile, was viewed with revulsion by most Conservatives, Chamberlain among them, on ideological grounds.⁵⁴ Even Churchill found it hard to contemplate having Moscow in his a grand alliance, though that was clearly a logical inference to be drawn from his own analysis of the situation.⁵⁵ Much hope was pinned on Mussolini, who in 1934 had appeared to take a firm line against an abortive Nazi *putsch* in Vienna; this was to exaggerate Italy's strength and to underestimate Mussolini's desire to overturn the *status quo*, which he revealed when he invaded Abyssinia and ignored all inducements to negotiate a settlement.⁵⁶ The 1935 'Stresa Front' of Britain, France and Italy proved to be just that: a front. When Italy defected, Britain and France could not agree what to do first: get Mussolini out of Abyssinia or keep Hitler out of the Rhineland. They did neither.⁵⁷ This pattern of Anglo-French mal-coordination – not helped by the divergence of domestic politics in the two countries when France briefly had a Popular Front government – was to continue until the outbreak of war.⁵⁸ Even after the *Anschluss*, Chamberlain could not bring himself to utter more than the most ambiguous hint of support for France in the event of a continental war.⁵⁹ Unfortunately, there was just as much ambiguity in the French position after Édouard Daladier became prime minister in April 1938, not least because of the habitual cowardice of Georges Bonnet his Foreign Minister.⁶⁰ In Asia, meanwhile, Britain simply could not choose between her interests in China and the need to avoid war with Japan. The British nightmare was a German-Italian-Japanese combination. Yet the more they sought to avert it by diplomatic expedients rather than military counter-measures, the more likely it became.*

Among the great powers, that left only the United States. Yet the Americans were as eager to appease Germany as anyone in Britain. Franklin Roosevelt proposed the return of the Polish Corridor to Germany almost as soon as he entered the White House, sending Samuel L. Fuller as an unofficial emissary to Berlin in 1935 to sound out Hitler's terms for a general peace settlement.⁶¹ His Secretary of State Cordell Hull repudiated the British model of economic appeasement – which was based on reaching bilateral economic agreements with Germany – in favour of a more ambitious multilateral

* In November 1936 Germany and Japan signed the Anti-Comintern Pact, which included a secret protocol committing each to non-intervention in the event that the other should become involved in a war with the Soviet Union. In November 1937 Mussolini removed his opposition to the Austrian *Anschluss*; the quid pro quo, which Hitler had long before envisaged, was the continuation of Italian sovereignty over the Germans of the South Tyrol. In February 1938 Germany recognized Manchukuo.

approach to trade liberalization.⁶² But the net result was not so different. Between 1934 and 1938, American exports of motor fuel and lubricating oil to Germany nearly trebled. American firms supplied Germany with between 31 and 55 per cent of its imported phosphate of lime (for fertilizer), between 20 and 28 per cent of its imported copper and copper alloys, and between 67 and 73 per cent of its imported uranium, vanadium, and molybdenum. Half of all German imports of iron and scrap metal came from the United States. U.S. corporations including Standard Oil, General Motors, DuPont and even IBM all expanded their German operations. By 1940 American direct investment in Germany amounted to \$206 million, not much less than the \$275 million in Britain and far more than the \$46 million in France.⁶³ In Asia, the United States had already established a pattern of calling on others to take stands against aggression, while pursuing her own economic self-interest. When Roosevelt began to do the same in Europe too, Chamberlain concluded that Americans were ‘a nation of cads’.⁶⁴ ‘It is always best and safest’, he told his sister Hilda, ‘to count on nothing from the Americans except words’⁶⁵ – hence his dilatory response to Roosevelt’s call for a general great-power conference in 1938.⁶⁶ The feeling was mutual. ‘The trouble is’, opined Roosevelt, ‘when you sit around the table with a Britisher he usually gets 80 per cent of the deal and you get what is left.’⁶⁷ American ambassadors like Joseph Kennedy Sr. in London and Hugh Wilson in Berlin saw no objection to giving Hitler a free hand in Central and Eastern Europe.⁶⁸ Moreover, American policy-makers, Roosevelt in particular, harboured a thinly-veiled ambition to see the British Empire broken up.⁶⁹

THE ECONOMIC CASE

Could not these appalling strategic and diplomatic vulnerabilities have been addressed by increased defence expenditures? No; all that more rapid rearmament would achieve, it was objected by the mandarins of the Treasury, would be to undermine Britain’s precarious economic recovery. The key question is whether this assertion was legitimate.

Fighting the First World War had, to be sure, increased the British National Debt by a factor of twelve. By 1927 it was equivalent to a crushing 172 per cent of gross domestic product. The interest on the debt accounted for more than two fifths of public expenditure in the late 1920s.⁷⁰ Budget surpluses and an overvalued exchange rate –

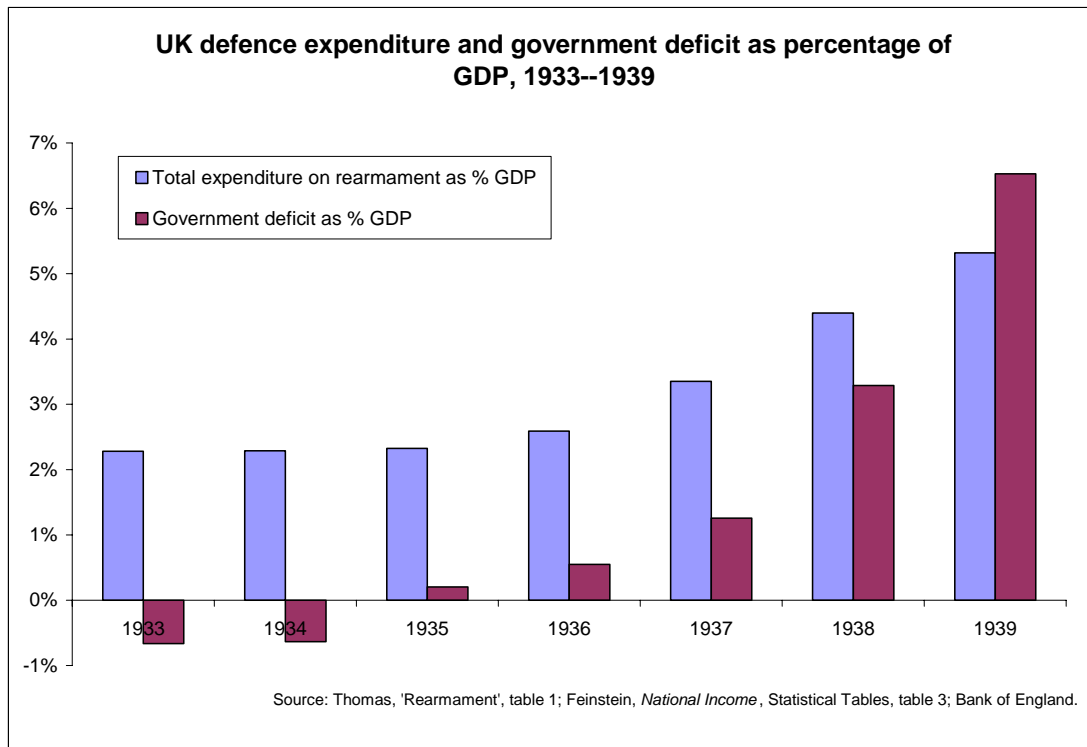
following Churchill's decision, as Chancellor of the Exchequer, to return to the gold standard in 1925 – were attained at the expense of jobs in manufacturing. The staple British industries of the late Victorian era – coal, iron, ship-building and textiles – had now been replicated all over the world; export markets for such British products inexorably shrank. Yet 'invisible' earnings from Britain's still immense overseas investments, financial services and shipping were also under pressure.⁷¹ Less obvious but in some ways more profound was the damage that the war had done to the labour force. Under the system of volunteering that had been used to recruit the new divisions needed in the first half of the war, a great many skilled workers had been drawn into the armed forces, of which a substantial proportion were either killed or incapacitated.⁷² The official solution to post-war problems was essentially Victorian in conception: budgets should be balanced, the pound should return to gold and free trade should be restored. In the name of 'retrenchment', defence expenditure was reined in, so that as a share of total public spending it fell from nearly 30 per cent in 1913 to just over 10 per cent twenty years later.⁷³ The Ten-Year Rule amounted to a spending freeze for the armed services. Even when it was dropped in 1932, the Treasury insisted that 'financial and economic risks' militated against significant increases in the defence budget.⁷⁴

As Chancellor of the Exchequer, Neville Chamberlain had been one of the driving forces behind the creation of the Defence Requirements Committee (DRC), in the belief that a clear ordering of military priorities would make his life easier at the Treasury. He welcomed the identification of Germany as the biggest potential danger.⁷⁵ Yet it was also Chamberlain who ruled out as 'impossible' the additional £97 million that would be needed to create and maintain an adequate expeditionary force for use on the continent. His preference for a deterrent strategy based on bombers was motivated in large measure by the fact that it looked cheaper than the alternative.⁷⁶ When the DRC proposed in November 1935 that its 'Ideal Scheme' of rearmament be financed by a Defence Loan, there was consternation in the Treasury; again Chamberlain insisted on cutting the spending bids for the navy and the army.⁷⁷ But soon the Royal Air Force, too, started to look too expensive. As one Treasury official put it after Munich, 'We think that we shall probably not be able to afford it [the Air Ministry's latest proposals] without bringing down the general economy of this country and thus presenting Hitler with precisely that

kind of peaceful victory which would be most gratifying to him.’⁷⁸ In fact, the RAF was the best treated of the three services (though Chamberlain was ready at any time to curb air force spending in return for an ‘Air Pact’ with Hitler). The Treasury gave even shorter shrift to the requests of the Army and Navy for additional funds.⁷⁹ As for Churchill’s demands for much larger defence expenditures, which he first advanced in 1936, Chamberlain dismissed these out of hand. Only in 1937 was new borrowing undertaken to finance rearmament, to the tune of £400 million, and even then Chamberlain had initially tried to cover the increased costs by raising taxes.⁸⁰ His successor at the Treasury, Sir John Simon, insisted that total defence spending from April 1937 to April 1942 should be capped at £1,500 million.⁸¹

In any case, it was hoped that a policy of economic engagement with Germany might serve to divert the Nazi regime from aggression. On the one hand, officials at the Bank of England and the Treasury wanted to preserve trade with Germany and avoid a total German default on money owed to Britain. On the other, they deprecated the kind of economic controls that would undoubtedly be required if large-scale rearmament was to be undertaken without domestic inflation and a widening current account deficit.⁸² When the Secretary of State for Air, Viscount Swinton, pressed for skilled workers to be shifted from the civil to the defence sector in order to speed up aircraft construction, Chamberlain responded that this should be done by means ‘mutual arrangements [between employers and employees], and with a minimum of Government interference’ – an echo of the old, failed maxim of ‘Business as Usual’.⁸³ Traditional financial strength was supposed to be the ‘fourth arm’ of British defence, in Inskip’s phrase; hence the Treasury’s perennial preoccupation with the balance of payments and the exchange rate. The great fear was that in the event of a prolonged war Britain’s credit abroad would prove far weaker than between 1914 and 1918, for the current account deficits of the later 1930s were eating away at Britain’s net creditor position, her gold reserves and the strength of sterling.⁸⁴ For all these reasons it was not until 1938 that defence expenditure exceeded 4 per cent of gross domestic product and not until 1939 that the same could be said of the government’s deficit (see figure 1).

Figure 1



The economic arguments for appeasement reflected British economic strength as much as weakness. Compared with what had happened in Germany and the United States, the Depression in the United Kingdom had been mild. Once Britain had gone off gold in September 1931 and interest rates had been cut to 2 per cent by the Bank of England, recovery came quite swiftly – not, certainly, to the old industrial regions of the North, but to the Midlands and the South-East, where new industries and services were springing up. Cheap money also fuelled a construction boom in England south of the Trent. But for precisely these reasons, it was argued, significantly higher expenditure on rearmament would have created problems of over-heating in the British economy, in the absence of matching tax increases or cuts in other government programs.⁸⁵ Keynes himself was to argue in *How to Pay for the War* that, in the event of large-scale defence expenditures, inflation and balance of payments problems could be avoided only if the economy were much more strictly controlled than it had been in the First World War, with severe taxation of consumption.⁸⁶ Such an illiberal regime was inconceivable in peacetime. In April 1939 Keynes spelt out the constraints on pre-war rearmament: ‘The

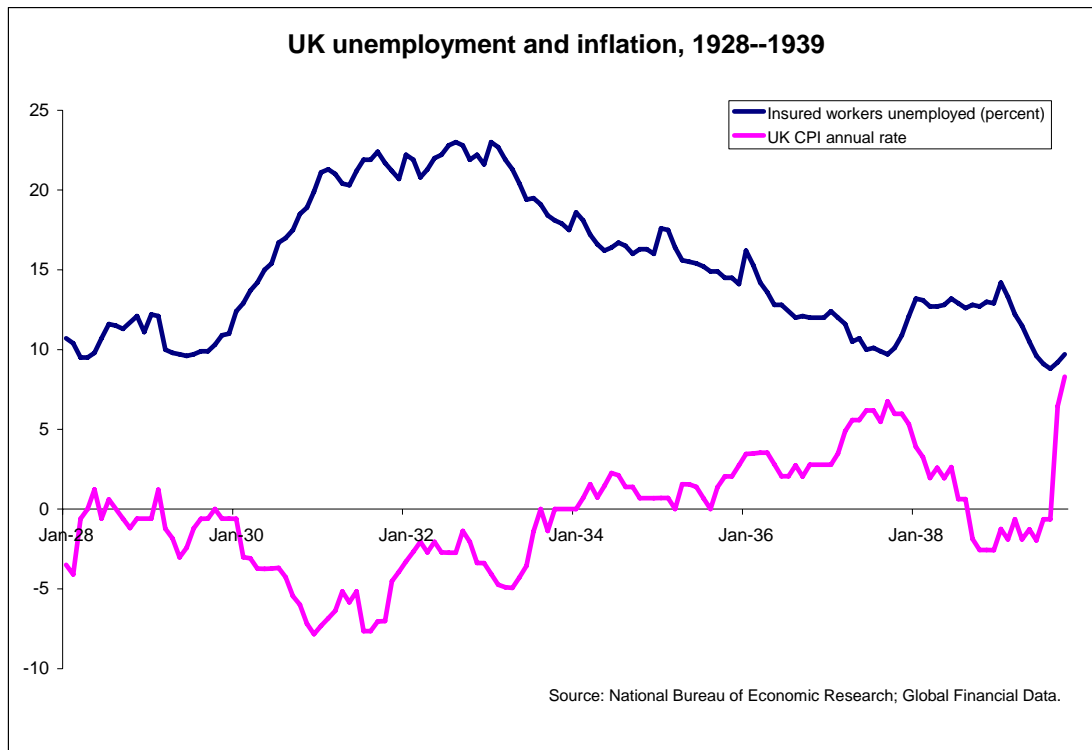
first is the shortage of labour; the second is the shortage of foreign resources.’⁸⁷ For once he was articulating the conventional wisdom. Other eminent authorities – notably Sir Frederick Philips of the Treasury and Lord Weir, chairman of the engineering firm G. & J. Weir – said the same. Skill shortages were a potential problem not only in engineering but in construction.⁸⁸ Keynes was only one member of the Economic Advisory Council, which reported in December 1938 that the balance of payments was ‘the key to the whole position’.⁸⁹

Yet these concerns were surely exaggerated. With the annual rate of growth in consumer prices peaking at just under 7 per cent in September 1937 and then rapidly declining (see figure 2), and with long-term interest rates below 4 per cent until the outbreak of war itself, the Treasury had far more room for manoeuvre than it admitted. With so much slack in the system – with good reason, contemporaries feared a recession in 1937 – higher levels of borrowing would not have ‘crowded out’ of private sector investment. On the contrary, they would probably have stimulated growth.⁹⁰ As for skilled labour, that was only an issue because, for originally economic reasons, Chamberlain had committed Britain to a sophisticated airborne deterrent that turned out not to work; and because the government was almost superstitiously nervous of antagonizing the bloody-minded leadership* of the Amalgamated Engineering Union by ‘diluting’ the skilled labour force.⁹¹ In practice, the rearmament program stimulated staple industries as well as the infant aeronautical engineering sector; even on limited budgets the navy needed ships and the army needed guns, tanks and uniforms, so the iron, coal and textile sectors all benefited from rearmament. Wages for skilled labourers did not jump upwards, as the Treasury pessimists had feared; on the contrary, wage differentials narrowed.⁹² A more rational policy, both economically and strategically, would have been to build more ships and more tanks and to conscript the unemployed –

* See the following rather revealing exchange between Inskip and J. C. Little, President of the AEU, in April 1938: ‘Little: Up to now we see very little reason for recommending any kind of relaxation to our members, because frankly we are not satisfied with your policy. Inskip: You mean our foreign policy. Little: Your foreign policy, if you can call it a policy.’ This was a sarcastic allusion to the government’s policy of ‘non-intervention’ in the Spanish Civil War, which many trade unionists regarded with good reason as a betrayal of the legitimate republican government, especially given the assistance its enemies were receiving from Italy and Germany. In reality, what worried the AEU more was probably the memory of the First World War, when wartime dilution had been followed by post-war unemployment. Ernest Bevin, general secretary of the Transport and General Workers’ Union, feared the EU would resist dilution ‘until the bombs came over’. He was almost right.

who still accounted for 14 per cent of insured workers as late as January 1939 – and prepare a British Expeditionary Force the Germans could not have ignored. Chamberlain was simply wrong to fear that Britain lacked the manpower ‘to man the enlarged Navy, the new Air Force, and a million-man Army’.⁹³

Figure 2



Finally, fretting about Britain’s financial ‘fourth arm’ of defence presupposed that foreign powers would lend to Britain in a war only if it were financially attractive to do so, whereas both the United States and the Dominions would have powerful strategic and economic incentives to lend to Britain if the alternative was a victory for the dictators and an interruption to Atlantic export shipments. In any case, the current account deficits of the later 1930s were trivial – equivalent to around 1 per cent of GDP a year, compared with net overseas earnings of at least 3.5 per cent on a total stock of overseas assets worth £3.7 billion (\$17 billion).⁹⁴ Britain was not broke in 1938. The crucial point was that by 1939 she might well be if her hard currency reserves continued to diminish.

Merely hoping, in view of Britain's excess of commitments and her insufficiency of friends, to preserve peace by concessions to Hitler was not as sensible and pragmatic a strategy as it seemed. For it failed to contemplate the potential consequences if appeasement failed. Duff Cooper, as First Lord of the Admiralty, was one of the few members of the Cabinet to grasp this:

The first duty of Government is to ensure adequate defences of the country. What these adequate defences are is certainly more easily ascertainable than the country's financial resources. The danger of underrating the former seems to me greater than the danger of overrating the latter, since one may lead to defeat in war and complete destruction, whereas the other can only lead to severe embarrassment, heavy taxation, lowering of the standard of living and reduction of the social services.⁹⁵

Faster and greater rearmament in the mid-1930s might not look affordable to the Treasury. But how much more expensive would it be in the 1940s if Hitler were to succeed in dominating the continent and if Germany, Italy and Japan chose to make common cause against the British Empire? This hypothetical worst-case scenario so terrified Chamberlain that he effectively declined to plan for it – an act of negligence, since politicians have an implicit moral obligation to those whom they represent regularly to contemplate the worst case, to attach to it both a probability and an estimated cost and then to insure against it. It was this that Chamberlain failed to do – an irony, in view of his personal experience of business. Thus an entire 'nation of shopkeepers'* declined to cover itself against a risk that was both large and likely.

The irony is that the premium itself might have been quite small. Indeed, the British may even have been paying enough to be covered. But their leaders, captivated by their own wishful thinking, failed to make a claim until it was too late. The fatal error was the assumption – first enunciated by the Permanent Under-Secretary at the Foreign Office, Sir Robert Vansittart – that Britain gained by waiting.⁹⁶ As he observed in

* The phrase, often attributed to Napoleon (who called the English 'une nation de boutiquiers') in fact originated with Adam Smith: 'To found a great empire for the sole purpose of raising up a people of customers may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers; but extremely fit for a nation whose government is influenced by shopkeepers': *The Wealth of Nations*, Book IV, ch. 7.

December 1936, 'Time is the very material commodity which the Foreign Office is expected to provide in the same way as other departments provide *other* war material. ... To the Foreign Office falls therefore the task of holding the situation until at least 1939.'⁹⁷ In reality, the 'policy of cunction' gave Hitler just as much time to build up his military forces and, as we shall see, was positively disadvantageous to Britain from an economic point of view.

THE DOMESTIC CASE

It could of course be objected that the integrity of Czechoslovakia was not an adequate *casus belli* from the vantage point of the British public; that public opinion in the 1930s was deeply averse to the idea of another war with the trauma of 1914–1918 still so fresh in people's minds. But that is not the correct inference to draw from events like the East Fulham by-election of 1933 or the notorious Oxford Union 'King and Country' vote of the same year. * The proponents of an unqualified renunciation of armed force – men such as George Lansbury and Sir Stafford Cripps – were only a minority, even within the Labour Party.⁹⁸ The popular alternative to appeasement was collective security, not pacifism. Thanks to organizations like the Union of Democratic Control, the National Peace Council, the League of Nations Union and the Peace Pledge Union, there was considerable public support for the League, extending across the political spectrum. As Gilbert Murray, the Chairman of the League of Nations Union, remarked in 1928, 'All parties are pledged to the League ... all Prime Ministers and ex-Prime Ministers support it ... no candidate for Parliament dares oppose it openly.'⁹⁹ Moreover, British voters wanted a League with teeth. In 1935 over 11 million voters returned a questionnaire in the so-called 'Peace Ballot'; over 10 million favoured non-military sanctions against an aggressor, and nearly 7 million accepted the principle of collective military action if these were not effective.¹⁰⁰

By 1938, in any case, it was clear that the League was dead. The 'independence' of Manchukuo had been proclaimed by the Japanese with impunity; Mussolini's invasion

* The motion before the House on February 9, 1933, was that 'This House will in no circumstances fight for its King and Country'. It was passed by 275 votes to 153. Churchill denounced it as an 'abject, squalid, shameless avowal'; the *Sunday Times* as 'unnecessary and in very poor taste', but 'in no way ... representative of Oxford thought'. In fact the result reflected the influence of the Left in the Union at that time and is best understood as a vote against the government, not a vote for pacifism.

of Abyssinia had gone unpunished; the Germans had marched into the Rhineland unopposed.¹⁰¹ True, Churchill was still an isolated figure when he sought to remind the Conservative Foreign Affairs Committee in March 1936 that ‘for four hundred years the foreign policy of England has been to oppose the strongest, most aggressive, most dominating Power on the Continent, and particularly to prevent the Low Countries falling into the hands of such a Power’.¹⁰² Yet just a month later Sir Alfred Zimmern told Harold Nicolson that the task of convincing the public to fight for the sake of Czechoslovakia ‘could be done in a month by wireless’.¹⁰³ There was dissatisfaction with appeasement among Tory backbenchers almost from the moment Chamberlain became Prime Minister.¹⁰⁴ And an opinion poll conducted shortly after the Austrian *Anschluss* revealed a growing popular disillusionment too. Asked ‘Should Great Britain promise assistance to Czechoslovakia if Germany acts towards her as she did to Austria?’ only a minority of respondents – 43 per cent – said no. A third said yes and a quarter had no opinion.¹⁰⁵ By the time Churchill rose in the Commons on March 14, 1938, to call for ‘a Grand Alliance’ on the basis of the League, *The Economist* felt that ‘his view represents the view of the majority of the nation’.¹⁰⁶ By September 1938 even the spineless Neville Henderson felt obliged to warn Ribbentrop that he:

had noted in England with amazement and regret the growing strength and unanimity of feeling in regard to Germany. I was struck by the difference even in two months since I was last in London and it was not confined to one but to all classes and to all parties, and I had seen many people.¹⁰⁷

To be sure, if Hitler had wanted no more than to stick up for the rights of the Sudeten Germans, it would have been hard to justify a war. Konard Heinlein, their leader, struck the British politicians who met him (Churchill included) as a reasonable man whose stated program of autonomy had the backing of the majority of his people.¹⁰⁸ But it swiftly became apparent in the course of the crisis that Hitler was merely using the Sudeten question to provoke a war which he intended would wipe Czechoslovakia off the map.¹⁰⁹ It is a myth that there was a public consensus for continued appeasement of Germany in the months leading up to Munich.¹¹⁰ A Mass Observation Opinion Poll conducted at around the time of the Bad Godesberg meetings showed only 22 per cent of the public in favour of appeasement; 40 per cent were against.¹¹¹ Yet Chamberlain made

no effective use of this hardening of domestic sentiment. On the contrary, he successfully dampened all efforts – including those by his own Foreign Secretary, Lord Halifax – to communicate resolve to the Germans during the critical days between his second stormy meeting with Hitler at Berchtesgaden and the final sell-out of the Czechs at Munich.

More important than popular pacifism in underpinning appeasement, it has been suggested, was the fact that certain powerful economic interest groups had an interest in the continuation of appeasement. Many firms in the City of London had revived their long-standing pre-1914 links with Germany during the 1920s, only to be caught out by the German banking crisis of 1931. Around £62 million of the £100 million of commercial bills held by the London acceptance houses (the City's principal merchant banks) were covered by the so-called 'Standstill' agreement of 1931, which froze all foreign credits to Germany, but allowed interest payments to continue to flow to the creditors. In all, the credits to Germany of all types had totalled £300 million, of which roughly £110 were covered by the Standstill agreement. The agreement was renewed on annual basis, with only around £40 million being liquidated by 1939.¹¹² Throughout the 1930s, City firms lived in hope that Anglo-German trade would revive and that this would allow a liquidation of outstanding debts. At the same time, the so-called 'Anglo-German Connection', between Montagu Norman and his German counterpart Hjalmar Schacht, encouraged the belief that there was a moderate faction within the Nazi regime, whose fortunes would prosper if they were encouraged and rewarded.¹¹³ The hope was openly expressed by one British diplomat that bilateral economic agreements 'would obviously have great possibilities as a stepping stone to political appeasement'.¹¹⁴ Such hopes were bolstered by the Payments Agreement of November 1934, whereby – in return for a secret credit of £750,000 – the Reichsbank committed itself to earmarking 55 per cent of all earnings from German exports to Britain for the use of German firms importing goods from Britain.¹¹⁵ At the same time, the Federation of British Industries sought to negotiate agreements on prices and market shares with its German counterpart; despite the Depression, Germany's trade remained the third-largest in the world in the mid-1930s.¹¹⁶ In short, so the argument runs, British business had an incentive to avoid a breakdown in Anglo-German relations.

Yet it is important to emphasize that the economic argument for appeasement was wearing fairly thin by 1938. For one thing, the amounts owing to British firms had been reduced over time. In January 1939 Sir Frederick Leith-Ross estimated potential losses in the event of a German default at £40 million of short-term bills and a further £80 or £90 million of long-term debts.¹¹⁷ Moreover, by time of Munich few people in the City any longer held out much hope of recovering the outstanding sums. It was clear that the ‘Anglo-German Connection’ was not long for this world after the news broke that Schacht had offered to resign as Economics Minister in August 1937.¹¹⁸

One way of seeing the Munich crisis afresh is to view it from the vantage point of investors in the City of London. It is sometimes asserted that the Munich agreement lifted the London stock market. Little evidence can be found to support this. The market was in any case depressed by the recession of 1937. To make matters worse, there were substantial outflows of gold, amounting to £150 million, between the beginning of April and the end of September 1938. It is significant that Munich did nothing to arrest these outflows: another £150 million left the country in the months after the conference. The Chancellor of the Exchequer attributed these outflows to

... the view [that] continues to be persistently held abroad that war is coming and that this country may not be ready for it, and lying behind that anxiety is, of course, the further anxiety created by the obvious worsening of our financial position, by the heavy increase in the adverse balance of trade, and by the growth of armament expenditure.¹¹⁹

On this basis, the Treasury was able to make its usual argument that rearmament could not be accelerated any further. But it could now equally well be argued that Britain might as well fight sooner rather than later, when her reserves might be still further depleted. By July 1939, Britain’s gold reserves were down to £500 million; in addition the Bank had around £200 million in disposable foreign securities. The drain on British reserves by this stage was running at £20 million a month.¹²⁰ In the face of widening current account deficits, the pound could no longer be kept at a rate of \$4.68. As Oliver Stanley put it: ‘The point would ultimately come when we should be unable to carry on a long war.’¹²¹ This is the key. What it means is that *Britain would have been better off financially, as well as militarily, if there had been a war in 1938*. Not only would war have come

sooner. It would almost certainly have been shorter, given the weaknesses of the German position described above. This gives the lie to the old claim that appeasement bought Britain precious time.¹²² For Britain, time was at a discount.

Under the circumstances, the stock market was hardly likely to be buoyant. It is nevertheless revealing to see the preferences of investors as reflected in the differentials between the various bonds and stocks quoted on the London market. A rational investor who believed appeasement was working would presumably have held on to continental bonds, including those of Central European countries, up until the German occupation of Prague. He would not have sold off his shares in the Cunard shipping line and taken long positions in the Vickers armaments company until the spring of 1939. But as figure 3 clearly shows, the spreads between continental bonds and British bonds – traditionally the most secure financial asset from the point of view of a British investor – widened steadily from the mid-1930s onwards. The effect of the Sudetenland crisis, including the Munich agreement, was fairly minimal. Moreover, as figure 4 makes clear, investors shifted out of what may be regarded as peace stocks and into war stocks from as early as 1933. The City, which had been so badly caught out in July 1914, was not be fooled twice. Investors in London evidently anticipated some kind of war in the second half of the 1930s. Their uncertainty seems to have been how general such a war would be – hence the singular absence of correlations between the bond yields of individual countries.

Figure 3

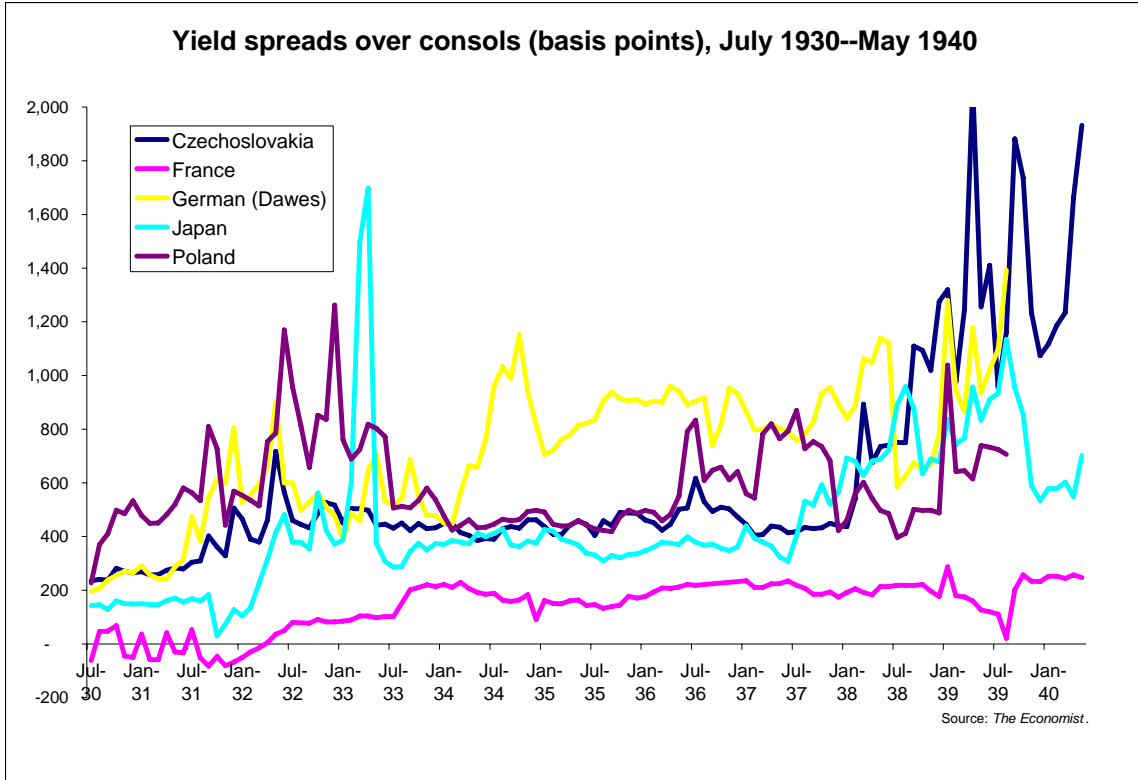
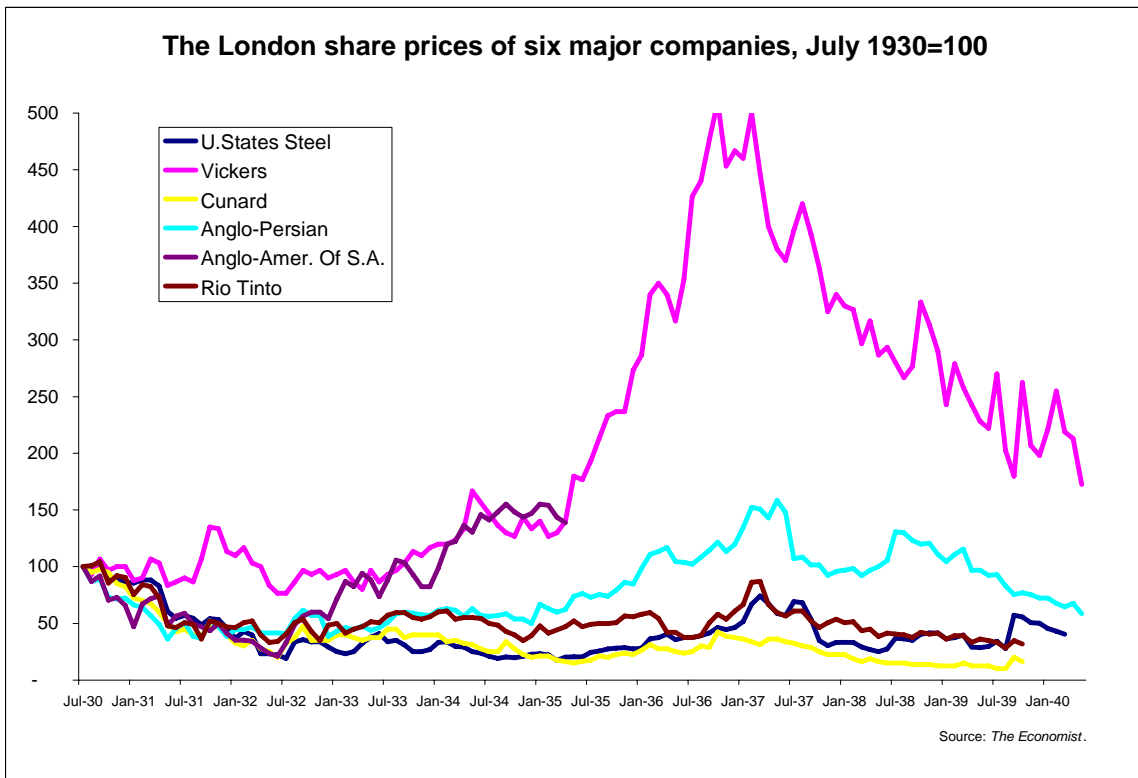
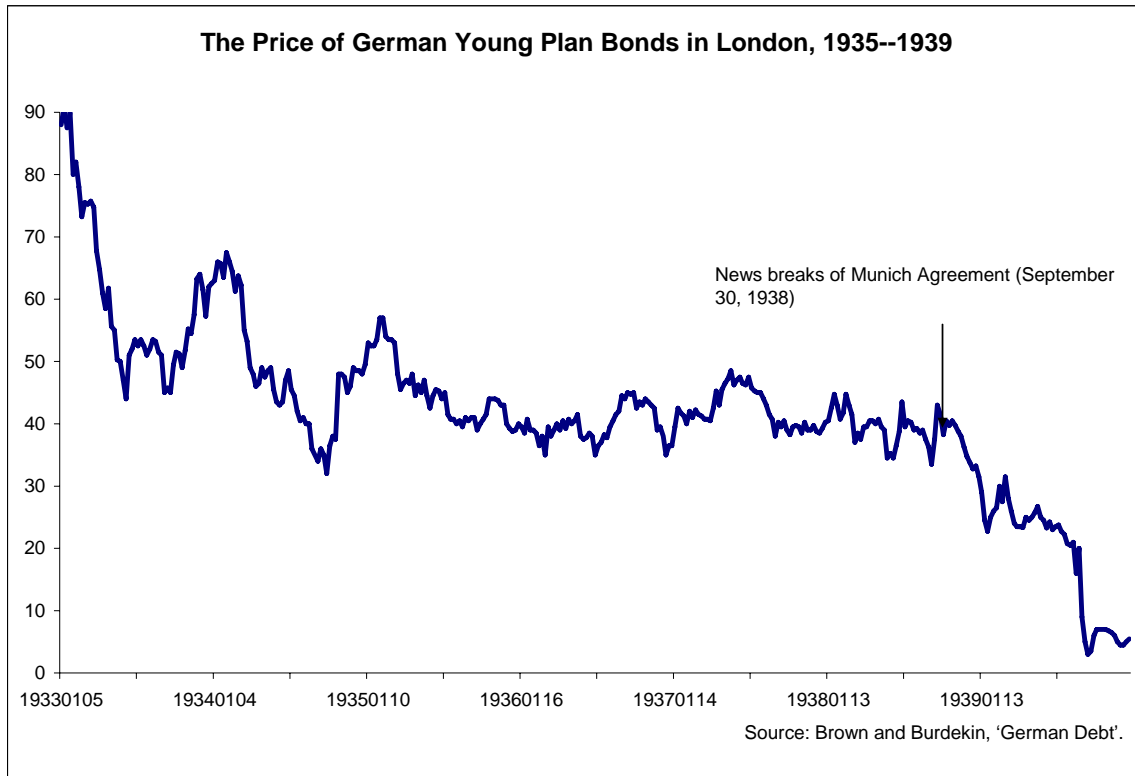


Figure 4



Historians have long sought the economic foundations of appeasement.¹²³ They have looked in the wrong place. No doubt it is true that businessmen did not want war. But investors expected it nonetheless. There was thus no economic advantage to appeasement. With the City fundamentally pessimistic about the international outlook, it was Churchill not Chamberlain who had the economically rational foreign policy. What the situation called for was pre-emption, not deterrence, much less détente. Hitler simply had to be stopped before Britain's financial 'fourth arm' of defence got any weaker. The markets were braced for war in 1938; the situation, as *The Economist* pointed out in its post-Munich edition, was the very reverse of 1914, when war had come as a bolt from the blue. For one thing, the City was far less exposed to continental commercial bills, which had shrunk in importance as a financial instrument as a result of the Depression. For another, the financial community was 'prepared to face the blow of an outbreak of war'. And the authorities would not respond, as they had in 1914, by raising the Bank of England's discount rate to punitive heights.¹²⁴ 'In the last few weeks,' the magazine's editors noted, 'there can have been few people in the City who did not envisage the strong possibility of an armed conflict in which Great Britain would be heavily involved. ... The outbreak of war would not have taken the financial markets by surprise'.¹²⁵ The markets might not have rallied if war had come, but they would not have collapsed either. Even the price of German bonds traded in London – for example, those issued to finance the Young Plan – did not decline significantly during the crisis months of the summer. It was in 1939 that they fell through the floor (see figure 5). This was because investors understood that Britain stood a good chance of beating Hitler, the serial defaulter, in 1938. A year later the tables had been turned, and it was the defaulter who looked like winning.¹²⁶

Figure 5



THE WAR NOT FOUGHT

In one respect, Munich was indeed ‘a triumph’ (Taylor’s ironic phrase). It was a triumph for Chamberlain. Not only did he outwit his increasingly numerous critics in England. He also outwitted Hitler himself. As a result of Chamberlain’s diplomacy, Hitler had been obliged to abandon his design to ‘smash Czechoslovakia by military action’, which he had been planning since the end of May.¹²⁷ In most British accounts of the crisis, it is Hitler who seems to set the pace. Yet in Goebbels’s diary, it is Chamberlain – the ‘ice cold ... English fox’ – who ‘suddenly goes to get up and leave as if he has done his duty, there is no point continuing and he can wash his hands innocently’. At the beginning of September, according to Goebbels, Hitler had felt confident that London would not intervene, but four weeks later he was driven to ask Chamberlain’s aide Horace Wilson ‘straight out if England wants world war’. Goebbels himself, who six days earlier had still been confident that London was ‘immeasurably frightened of force’, was forced to conclude that ‘we have no peg for a war. ... One cannot run the risk of a world war over amendments’.¹²⁸ Göring took the same view. The decisive breakthrough had come on the

evening of September 27, when Hitler had sent a note to Chamberlain effectively dropping his earlier threat to use military force by 2 pm the next day.¹²⁹ As Hitler admitted to General Alfred Jodl, Chief of the National Defence Section in the German High Command (OKW), he could not ‘attack Czechoslovakia out of a clear sky ... or else I would get on my neck the whole world. I would have to wage war against England, against France, which I could not wage.’¹³⁰ This explains why he so eagerly accepted Mussolini’s suggestion of a twenty-four hour suspension of mobilization;¹³¹ why he so hastily sent a message to London inviting Chamberlain to attend a four-power conference in Munich.¹³² Had Mussolini not become involved, Hitler would presumably have seized with equal readiness the French ambassador’s proposal for a compromise.¹³³

But what this goes to show is how weak Hitler’s position had become – and how foolish it was to let him off the hook. It was Chamberlain, after all, who prompted Mussolini to suggest a last-ditch diplomatic solution.¹³⁴ But why involve the Italians at all, when they made their sympathy for the German side quite explicit?¹³⁵ Why exclude the Czechs at this pivotal moment?¹³⁶ Why once again leave the Soviets out of the negotiations?¹³⁷ Had Chamberlain pressed home the advantage, rather than rushing off to Munich, the pressure on Berlin would have been intense. For – and this is perhaps the crucial point – Germany was simply not ready for a European war in 1938. Her defences in the West were still incomplete; in the words of Jodl, there were only ‘five fighting divisions and seven reserve divisions on the western fortifications, which were nothing but a large construction site to hold out against one hundred French divisions.’ No senior German military officer dissented from this view.¹³⁸ Nor could Germany count on Stalin’s repudiating the Soviet commitment (made in 1935) to defend Czechoslovakia; Red Army units in the military districts of Kiev and Byelorussia were in fact brought to a state of readiness during the Czech crisis.¹³⁹ It was not inconceivable that the Romanian government would have granted them passage to the Czech frontier.¹⁴⁰ Moreover, the Soviet Foreign Secretary Maxim Litvinov repeatedly stated that the Soviets would honour their commitments to Czechoslovakia if the French did so too, or would at least refer the matter to the League of Nations.¹⁴¹ Indeed, on September 24, Litvinov explicitly told the British delegation to the League of Nations that, if the Germans invaded Czechoslovakia, the ‘Czechoslovak-Soviet Pact would come into force’ and proposed a

conference between Britain, France and the Soviet Union to ‘show the Germans that we mean business’.¹⁴²

For these reasons, only a part of the Wehrmacht’s 75 divisions – the British military attaché in Paris estimated just 24, though the Czechs were ready for all 75 – could have been deployed in an attack on Czechoslovakia.¹⁴³ Nor were the Czechs to be dismissed lightly; the British military attaché fully expected their 35 well-equipped divisions to ‘put up a really protracted resistance’ against an attacker who would have enjoyed neither decisive numerical superiority nor the element of surprise.¹⁴⁴ In 1939 German reserve officers confessed to a British journalist that the Czech defences had been ‘impressive and impregnable to our arms. We could have gone round them, perhaps, but not reduced them.’ Hitler himself later admitted that he had been ‘greatly disturbed’ when he discovered the ‘formidable’ levels of Czech military preparedness. ‘We had run a serious danger.’¹⁴⁵ ‘Operation Green’ – the planned pincer movement by the 2nd and 10th Armies – might have ended in disaster had it been launched.¹⁴⁶ As General Sir Henry Pownall put it, with classic understatement, even if the Germans had left only nine divisions along the Siegfried Line in the West and five to defend East Prussia against the Red Army, what Hitler was contemplating was ‘certainly a bit risky’.¹⁴⁷

German naval preparations were also woefully behindhand. In all there were just 7 destroyers, 3 ‘pocket’ battleships and seven submarines available.¹⁴⁸ Moreover, the Germans could count on no effective support from abroad. Poland might possibly have come in the German side for a share of the Czech carcass, though she might equally well have jumped the other way. The same could be said of Hungary. Mussolini might conceivably have sided with Hitler. But none of these countries posed a significant threat to the Western powers. On the contrary, it would have been very easy for the British and French to inflict heavy losses on the Italian Mediterranean fleet.¹⁴⁹ As for Japan, it is highly unlikely that her government would have chosen this moment to pick a fight with the Western empires, given the difficulties they were encountering in China and the growing preoccupation of her generals with the Soviet threat from the north.

Finally, Germany’s capacity to bomb London was largely a figment of British imaginations – the result of a grave failure of intelligence gathering and interpretation.¹⁵⁰ In fact, the Germans preferred to see bombers in a tactical role, supporting ground forces

(hence the small dive-bombers like the Stuka and Junkers Ju-87 developed in the mid-1930s and ‘tested’ in the Spanish Civil War); their investment in bombers capable of cross-Channel operations was far smaller than the British feared, and when they did launch the Battle of Britain they initially targeted airfields and other military targets, not urban centres.¹⁵¹ There was no plan whatever to bomb Britain in the event of a war in 1938, despite Göring’s brazen threat to Henderson that the Luftwaffe would leave ‘little of London left standing’ in the event of a war.¹⁵² That was a bluff. As General Helmuth Felmy, commander of the 2nd Air Fleet, admitted in late September 1938, ‘given the means at his disposal a war of destruction against England seemed to be excluded’.¹⁵³ British preparations for possible German attacks were thus pointless.¹⁵⁴ A more likely target of Luftwaffe attacks would have been Paris, though here too the threat was exaggerated.¹⁵⁵

German military unreadiness had important political implications within the Third Reich. No one was more aware of Germany’s military weaknesses than Ludwig Beck, the Chief of the General Staff since 1935. Beck was convinced from the moment the idea was first bruited that Hitler was playing with fire in contemplating an attack on Czechoslovakia. In his view, Hitler’s strategy of building up the diplomatic tension and then presenting the great powers with a *fait accompli* was fraught with danger.¹⁵⁶ Such a move might well lead to a general European war that Germany could not hope to win. Unlike others who had ventured to doubt Hitler’s wisdom as a strategist – notably the Minister for War, Field-Marshal Werner von Blomberg and the Commander-in-Chief of the Army Werner von Fritsch – Beck survived the purge of January 1938.¹⁵⁷ Hitler had certainly strengthened his control over the German military by replacing Blomberg with himself as Commander-in-Chief and Keitel as his *adlatus*, and putting the supine Walther von Brauchitsch into Fritsch’s former post. Beck’s resignation in late August therefore removed what was probably the biggest political threat to Hitler’s position. But it did not end the possibility of military opposition to Hitler. Beck urged his successor, General Franz Halder, to involve himself in the coup against Hitler that was now being seriously discussed by General Hans Oster, Deputy Chief of the *Abwehr*, and Hans Gisevius, an official in the Interior Ministry. Halder later claimed that he, Beck, retired General Erwin

von Witzleben and others had conspired to overthrow Hitler, but that Chamberlain's decision to fly to Germany had deprived them of their opportunity.¹⁵⁸

To be sure, the anti-Hitler elements within the German military and civilian elites were diverse and disorganized.¹⁵⁹ We have no way of knowing if a coup might have succeeded had Hitler suffered a major diplomatic reverse over Czechoslovakia. Yet the absolute refusal of the British authorities to heed the signals that reached them – even from such impeccable sources as Ernst von Weizsäcker, State Secretary in the German Foreign Office – was, to say the least, strange.¹⁶⁰ After Munich, the chances of a regime change in Berlin faded swiftly. The misnamed 'Opposition' did not abandon their attempts to establish dialogue with London. Carl Goerdeler, the former Price Commissioner and Mayor of Leipzig, visited England at Christmas 1938. Six months later Adam von Trott zu Solz, a well-connected former Rhodes Scholar, met with both Chamberlain and Halifax.¹⁶¹ Other visitors included Lieutenant-Colonel Count Gerhard von Schwerin, who urged that Churchill be brought into the government.¹⁶² But the moment had passed.

Nor should we overlook a further dimension to German weakness at that time. As Hitler was disgusted to discover, the German people – the *Volk* whose living space he was striving to enlarge – had little appetite for war. The British were well aware of this. Junior officials at the Berlin embassy reported that 'public opinion' was 'much alarmed at German military measures'; there was 'a general fear that an attack on Czechoslovakia may lead to a European war which Germany would be likely to lose'.¹⁶³ Henderson himself noted that 'not a single individual in the streets applauded' when a mechanized division paraded through Berlin on September 27.¹⁶⁴ 'War would rid Germany of Hitler', Henderson remarked on October 6, in a rare moment of perspicacity. 'As it is by keeping the peace, we have saved Hitler and his regime.'¹⁶⁵

It was not just in military and political terms that Germany was weak in 1938. Of equal importance was her acute economic vulnerability. Schacht's New Plan had been abandoned two years before because his system of bilateral trade agreements could not deliver the amounts of raw materials needed for the rapid rearmament Hitler wanted.¹⁶⁶ But the Four Year Plan could not possibly have improved matters much by 1938. Domestic iron ore production had certainly been boosted, but the increment since 1936

was just over a million tons, little more than a tenth of imports in 1938. No more than 11,000 tons of synthetic rubber had been produced, around 12 per cent of imports.¹⁶⁷ The rationale of annexing Austria and Czechoslovakia – as Hitler had made clear to his military and diplomatic chiefs on November 5, 1937 – was precisely to address the shortages of raw materials that were continuing to hamper German rearmament.¹⁶⁸ Had war come in 1938, the journalist Ian Colvin had it on good authority that Germany had only sufficient stocks of gasoline for three months.¹⁶⁹ In addition, the German economy was by now suffering from acute labour shortages. The irony was that German problems were in large measure a consequence of the upsurge in arms spending that had been set in train by the Four Year Plan.¹⁷⁰ Göring himself had to admit that the German economy was now working at full stretch. By October, German economic experts were in agreement that a war would have been ‘catastrophe’.

As Colvin’s testimony suggests, Germany’s economic problems were no secret. Indeed, their financial symptoms were highly visible. Schacht’s resignation as Economics Minister – which he submitted in August 1937, though it was not accepted until November – was widely seen as a blow to the regime’s fiscal credibility, although he stayed on as Reichsbank President.¹⁷¹ Aside from his objections to the Four Year Plan, Schacht had two concerns: the mounting inflationary pressure as more and more of the costs of rearmament were met by printing money, and the looming exhaustion of Germany’s hard currency reserves. These problems did not go away. German exports were a fifth lower than the year before. In July 1938 Germany had to give in when Britain insisted on a revision of the Anglo-German Payments Agreement and continued payment of interest due on the Dawes and Young bonds, issued to help finance reparations.¹⁷² The anti-appeasing commercial attaché in the British embassy in Berlin had a point when he argued for cancelling the Anglo-German Payments Agreement. By further reducing Germany’s access to hard currency, that would have struck at the German economy’s Achilles heel.¹⁷³ Small wonder the German stock market slumped by 13 per cent between April and August 1938; the German Finance Minister Schwerin von Krosigk warned that Germany was on the brink of an inflationary crisis. In a devastating Reichsbank memorandum, dated October 3, 1938, Schacht said the same. Hitler might brush aside these arguments, urging Göring to step up the already frenetic pace of rearmament. But

by now the goals had entered the realm of fantasy: an airforce with more than 20,000 planes by 1942; a navy with nearly 800 vessels by 1948. Even if there had been enough steel for such feats of engineering, there would not have been enough to fuel for half the bombers to fly or half the battleships to sail. The Reichsbank was now manifestly struggling to finance the government's mounting deficits by selling bonds to the public; its hard currency reserves were exhausted. When Schacht and his colleagues repeated their warnings of inflation Hitler fired them, but he could no longer ignore the need to 'export or die'.¹⁷⁴ As we have seen, British officials worried a great deal about Britain's shortages of labour and hard currency. But in both respects the German position was far worse, just as it worse militarily, diplomatically and domestically.

CONCLUSION

The tragedy of 1938 is that the British (and French) governments so completely misread the balance of power at the very moment it tipped most strongly against Germany. Cadogan was convinced: 'We *must* not precipitate a conflict now – we shall be smashed.' The Chiefs of Staff shared this view.¹⁷⁵ 'Chamberlain is of course right,' General Edmund Ironside, head of the Eastern Command, wrote in his diary: 'We have not the means of defending ourselves ... We cannot expose ourselves now to a German attack. We simply commit suicide if we do.'¹⁷⁶ Gamelin was equally in awe of the Germans. Like the British, the French were convinced that the Germans had the capacity to bomb to reduce their cities 'to ruins'.¹⁷⁷ One of his senior staff officers envisaged such rapid mobilization in Germany that 50 divisions would quickly be available for deployment against France.¹⁷⁸ The result – incredibly – was that no Anglo-French military talks were held at any point during the Sudetenland crisis; the most the Chiefs of Staff were willing to contemplate was the dispatch of just two ill-equipped Field Force divisions to France in the event of war.¹⁷⁹ Generals are often criticized for planning to fight the last war instead of the next one. In 1938 British generals did not even plan to fight the last war. If they had, things might have turned out very differently.

For it was the Germans, not the British and French, who risked being 'smashed' in 1938. It was the Germans who were weak militarily, isolated diplomatically, vulnerable domestically and, above all, overstretched economically. All the British had to

do was to commit unequivocally to a joint Anglo-French defence of Czechoslovakia, instead of blowing hot and cold, and to expedite talks between the British and French general staffs, instead of waiting until February 1939. Rather than flying back and forth like a supplicant, Chamberlain should have sat tight in London, declining to take calls from Germany. We cannot, of course, say for sure what would have happened.¹⁸⁰ But the chances of a German humiliation would have been high. Almost any outcome – even war itself – would have been preferable to what in fact happened. For although he himself had wanted to get Czech territory by force, Hitler was actually better off getting it peacefully.

Time, as Vansittart had said, was indeed crucial. The Chiefs of Staff argued in 1938, on the basis of the RAF's fears of a German knock-out blow, that 'from the military point of view the balance of advantage is definitely in favour of postponement ... we are in bad condition to wage even a defensive war at the present time'.¹⁸¹ It was certainly true that Fighter Command had been woefully neglected up until this point and much more had to be done to get British air defences ready to withstand an assault by the Luftwaffe.¹⁸² The British Army too could only become stronger after Munich; it could scarcely have got any weaker.¹⁸³ But time is relative. Its passage no doubt did allow the British to bolster their defences, but it simultaneously allowed Hitler to increase his offensive capability too. It is true that German rearmament had to be reined in towards the end of 1938. It is also true that the Germans became convinced that time would be against them if they delayed war much after 1939.¹⁸⁴ But, on balance, time was more on Germany's side than on Britain's in the year after September 1938. As table 1 makes clear, the German army grew significantly more than the British or French armies combined between 1938 and 1939. In naval terms, it is true, Germany stood still while the British and French added substantially to their fleets. But in the air the rivals were, at best, neck and neck. German additions to first-line Luftwaffe strength somewhat exceeded British additions to the Royal Air Force reserves. In combination, the British and French had more first-line aircraft than the Germans in 1939, but the difference had been larger in 1938 (589 compared with 94). Another way of demonstrating this is to compare figures for military aircraft production in 1939. Germany built 8,295, Britain 7,940 and France 3,163. The Soviet Union out-built all three with 10,565 new aircraft.¹⁸⁵

But in 1938 the Western powers could consider the Soviets as potential allies. By 1939 Stalin was Hitler's ally.

Table 1: The Balance of Military Forces, 1938 and 1939

	January 1939			September 1939		
	France	Germany	UK	France	Germany	UK
Army	581,000	782,000	376,000	629,000	1,366,000	394,000
Battleships	5	5	12	7	5	15
Battlecruisers	1	2	3	7	1	15
Cruisers	18	6	62	11	6	49
Aircraft carriers	1		7	1		7
Destroyers	58	17	159	61	21	192
Torpedo boats	13	16	11	12	12	11
Submarines	76	57	54	79	57	96
First-line aircraft	1,454	2,847	1,982	1,792	3,609	1,911
Serviceable first-line	n/a	1,669	1,642	n/a	2,893	1,600
Reserves	730	n/a	412	1,600	900	2,200

Sources:

Army size: League of Nations, *Armaments Yearbooks*; Singer and Small, *Correlates of War Database*.

Navies: *Janes Fighting Ships*.

Air forces: Overy, *Air War*, p. 3.

Notes:

Battleships includes German pocket battleships, of which there were 3.

British estimates for Luftwaffe first-line strength: August 1938 2,650; September 1939 4,320.

What was more, Hitler gained immediately from Munich. With Czechoslovakia emasculated, Germany's eastern frontier was significantly less vulnerable.¹⁸⁶ Moreover, in occupying the Sudetenland, the Germans acquired at a stroke 1.5 million rifles, 750 aircraft, 600 tanks and 2,000 field guns, all of which were to prove useful in the years to come.¹⁸⁷ Indeed, more than one in ten of the tanks used by the Germans in their western offensive of 1940 were Czech-built.¹⁸⁸ The industrial resources of western Bohemia further strengthened Germany's war machine, just as the *Anschluss* had significantly added to Germany's supplies of labour, hard currency and steel. As Churchill put it, the belief that 'security can be obtained by throwing a small state to the wolves' was 'a fatal delusion': 'The war potential of Germany will increase in a short time more rapidly than it will be possible for France and Great Britain to complete the measures necessary for their defence.'¹⁸⁹

‘Buying time’ at Munich thus meant widening, not narrowing, the gap that Britain and France desperately needed to close.¹⁹⁰ To put it another way: It would prove much harder to fight Germany in 1939 than it would have proved to fight Germany in 1938. By going to war with Germany later rather than sooner, Chamberlain unwittingly saved the Third Reich, vastly improving Hitler’s chances of winning the war he had long intended to fight. In this sense, Churchill was correct when he called the war of 1939 an ‘unnecessary war’. What was necessary to stop it, however, was a pre-emptive war – perhaps even just the threat of such a war – in 1938. Among other things, that conclusion gives the lie to perhaps the most famous line of all in Taylor’s *Origins*, which asked which was better: to be a ‘saved Pole’ or a ‘betrayed Czech’. For, had the Czechs not been betrayed in 1938, there would have been no need to ‘save’ the Poles a year later.

Notes

These are abbreviated notes. A bibliography with full citations is in preparation.

¹ Taylor, *Origins*, p. 97.

² *Ibid.*, p. 41.

³ Kershaw, 'Nazi Foreign Policy', pp. 129–32.

⁴ Ferguson, *Pity of War*, passim.

⁵ Wark, 'British Intelligence', p. 627.

⁶ Howard, *Continental Commitment*, p. 111. Cf. Overy, 'Air Power and the Origins of Deterrence Theory'.

⁷ Parker, *Chamberlain and Appeasement*, p. 20.

⁸ *Ibid.*, p. 25.

⁹ Ribbentrop to Ciano, June 18/19, 1940, quoted in [to come].†

¹⁰ The argument was perhaps most famously made by the historian and politician Alan Clark in a newspaper article in *The Times*, January 2, 1993. It also underlies John Charmley's critique of Churchill (*The End of Glory*), which Clark's article purported to review.

¹¹ Reference to come.†

¹² Reference to come.†

¹³ See e.g. Gilbert and Gott, *Appeasers*.

¹⁴ See e.g. Dilks, "'Unnecessary War'"; Aster, "'Guilty Men'"; Carlton, 'Against the Grain'; Charmley, *Chamberlain and the Lost Peace*.

¹⁵ For some different analytical frameworks, see Walker, 'Appeasement Puzzle'; Parker, *Chamberlain and Appeasement*, pp. 22f.

¹⁶ Halifax, *Fullness of Days*, pp. 197f.; Kirkpatrick, *Inner Circle*, p. 131. Cf. Kissinger, *Diplomacy*, p. 302.

¹⁷ Woodward and Butler (eds.), *Documents on British Foreign Policy*, series 1A, vol. I, pp. 846f.

¹⁸ Kennedy, *Realities behind Diplomacy*, p. 250.

¹⁹ *Ibid.*, p. 278.

²⁰ Howard, *Continental Commitment*, p. 97. See also Dunbabin, 'British Rearmament', p. 587.

²¹ Howard, *Continental Commitment*, p. 104.

²² Parker, *Chamberlain and Appeasement*, p. 37.

²³ Ellis and Cox, *World War I Databook*, pp. 245f.

²⁴ Mitchell and Jones, *Second Abstract of British Historical Statistics*, pp. 130, 136–140.

²⁵ Cain and Hopkins, *British Imperialism*, p. 439.

²⁶ See Meyers, 'British Imperial Interests', pp. 344–7.

²⁷ Kennedy, *Realities behind Diplomacy*, pp. 248f. In the words of Malcolm MacDonald, the Dominions Secretary, South Africa and Canada would not fight to 'prevent certain Germans rejoining the Fatherland': Howard, *Continental Commitment*, p. 100. Cf. Ovendale, 'Appeasement' and the English Speaking World.

²⁸ Bond, *British Military Policy*, p. 235.

²⁹ Howard, *Continental Commitment*, p. 102.

³⁰ There were in fact three treaties and two conventions signed under the heading of the First Protocol of the Locarno Conference. The most important was the Treaty of Mutual Guaranty Between Germany, Belgium, France, Great Britain and Italy. Article 4, clause 3, clearly bound the United Kingdom to 'come to the help' of France in the event of German aggression, including the remilitarization of the Rhineland.

³¹ See Dilks, "'Unnecessary War'", p. 103.

³² Taylor, *English History*, p. 222.

³³ See Parker, *Chamberlain and Appeasement*, pp. 16–19. See also Parker, 'Economics, Rearmament, and Foreign Policy', p. 639.

³⁴ Belgium reverted to her pre-1914 neutrality in October 1936: Haigh and Morris, *Munich: Peace of Delusion*, p. 7.

³⁵ Howard, *Continental Commitment*, pp. 105ff.; Dilks, "'Unnecessary War'", pp. 109–12.

³⁶ Howard, *Continental Commitment*, pp. 106–10, 113f.

³⁷ Dunbabin, 'British Rearmament', p. 602.

³⁸ Howard, *Continental Commitment*, pp. 116f.

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- ³⁹ Bond (ed.), *Chief of Staff*, pp. 121f.
- ⁴⁰ Shay, *British Rearmament*, pp. 199f.
- ⁴¹ Bond (ed.), *Chief of Staff*, pp. 156f.
- ⁴² Dunbabin, 'British Rearmament', p. 603.
- ⁴³ Charmley, *Chamberlain and the Lost Peace*, p. 23. See also Aster, "'Guilty Men'", pp. 67f.; Dunbabin, 'British Rearmament', p. 590.
- ⁴⁴ Howard, *Continental Commitment*, pp. 107-10. See in general, Lee, "'I See Dead People'".
- ⁴⁵ See Watt, 'British Intelligence', pp. 255-8; Wark, 'British Intelligence', pp. 627-9, 642ff. Cf. Parker, *Churchill and Appeasement*, p. 134.
- ⁴⁶ Howard, *Continental Commitment*, pp. 111ff.
- ⁴⁷ Coghlan, 'Armaments, Economic Policy and Appeasement', pp. 205f.
- ⁴⁸ Howard, *Continental Commitment*, pp. 102f.; Kennedy, *Realities behind Diplomacy*, pp. 283f.
- ⁴⁹ Kennedy, 'Tradition of British Appeasement', p. 205; Shay, *British Rearmament*, p. 175; Dunbabin, 'British Rearmament', p. 596.
- ⁵⁰ Adamthwaite, 'France and the Coming of War', pp. 79ff.
- ⁵¹ Parker, *Chamberlain and Appeasement*, pp. 21-5. Arms limitation agreements in the context of 1935 were inherently asymmetrical, despite endless references to 'equality'. They always implied some worsening of the French position relative to the post-Versailles arrangements. See also Jordan, 'Cut Price War'.
- ⁵² Adamthwaite, 'France and the Coming of War', pp. 81ff.
- ⁵³ Howard, *Continental Commitment*, p. 118; Colville, *Gort*, p. 108.
- ⁵⁴ Lammers, *Explaining Munich*, pp. 8-24.
- ⁵⁵ Thompson, *Anti-Appeasers*, p. 39.
- ⁵⁶ Parker, *Chamberlain and Appeasement*, pp. 22, 29f.; Walker, 'Appeasement Puzzle', p. 226. See also Charmley, *Chamberlain and the Lost Peace*, p. 22; Dunbabin, 'British Rearmament', pp. 594f.
- ⁵⁷ Parker, *Chamberlain and Appeasement*, pp. 60-8; Walker, 'Appeasement Puzzle', pp. 230-4.
- ⁵⁸ Goldstein, 'Chamberlain', p. 279.
- ⁵⁹ Parker, *Churchill and Appeasement*, p. 156; Weinberg, 'French Role', pp. 24f.
- ⁶⁰ Weinberg, 'French Role', p. 24.
- ⁶¹ Marks, 'Six between Roosevelt and Hitler', pp. 970f.; Offner, 'United States and National Socialist Germany', pp. 247f.
- ⁶² Schröder, 'Ambiguities of Appeasement', p. 392. See also Offner, 'Appeasement Revisited', p. 375.
- ⁶³ Offner, 'Appeasement Revisited', pp. 374ff.
- ⁶⁴ Parker, *Chamberlain and Appeasement*, p. 44.
- ⁶⁵ Dilks, "'Unnecessary War'", p. 120.
- ⁶⁶ See Marks, 'Six between Roosevelt and Hitler', pp. 973f.; Offner, 'United States and National Socialist Germany', pp. 251f.
- ⁶⁷ Offner, 'United States and National Socialist Germany', p. 246.
- ⁶⁸ Offner, 'Appeasement Revisited', pp. 376f.; Marks, 'Six between Roosevelt and Hitler', pp. 974f.
- ⁶⁹ See Ferguson, *Empire*, chapter 6.
- ⁷⁰ Figures for the national debt kindly supplied by Professor Charles Goodhart. Figures for gross domestic product are taken from Feinstein, *National Income*, Statistical Tables, table 3. Debt service is from Flora *et al.*, *State, Economy and Society*, pp. 4448f.
- ⁷¹ Kennedy, *Realities behind Diplomacy*, pp. 226-30.
- ⁷² Greasley and Oxley, 'Discontinuities in Competitiveness'.
- ⁷³ Kennedy, *Realities behind Diplomacy*, pp. 239f.
- ⁷⁴ Howard, *Continental Commitment*, p. 98.
- ⁷⁵ Dilks, "'Unnecessary War'", pp. 109-12.
- ⁷⁶ Howard, *Continental Commitment*, pp. 108f.
- ⁷⁷ Newton, *Profits of Peace*, pp. 67f.
- ⁷⁸ Kennedy, 'Tradition of British Appeasement', p. 233. See in general Peden, *British Rearmament and the Treasury*.
- ⁷⁹ Shay, *British Rearmament*, p. 282f.
- ⁸⁰ Coghlan, 'Armaments, Economic Policy and Appeasement', p. 213; Newton "'Anglo-German Connection'", p. 304; Thomas, 'Rearmament', p. 560. See also Dilks, "'Unnecessary War'", p. 117.

- ⁸¹ Parker, 'Treasury, Trade Unions and Skilled Labour', p. 312.
- ⁸² See in general Newton, *Profits of Peace* and Wendt, *Economic Appeasement*; Shay, *British Rearmament*.
- ⁸³ Shay, *British Rearmament*, pp. 207, 211–6. See also Dunbabin, 'British Rearmament', p. 600.
- ⁸⁴ Peden, 'Question of Timing'. Cf. Parker, 'Economics, Rearmament, and Foreign Policy', pp. 637ff.
- ⁸⁵ Coghlan, 'Armaments, Economic Policy and Appeasement', pp. 205–9.
- ⁸⁶ Keynes, *How to Pay for the War*.
- ⁸⁷ Parker, 'Treasury, Trade Unions and Skilled Labour', p. 317.
- ⁸⁸ Thomas, 'Rearmament', p. 562.
- ⁸⁹ Peden, 'Sir Warren Fisher', p. 34.
- ⁹⁰ Thomas, 'Rearmament', p. 571.
- ⁹¹ Parker, 'Treasury, Trade Unions and Skilled Labour', pp. 328–43.
- ⁹² Thomas, 'Rearmament', pp. 564f., 567, 570.
- ⁹³ Howard, *Continental Commitment*, p. 135; Dunbabin, 'British Rearmament', p. 598.
- ⁹⁴ Calculated from Mitchell, *Abstract of British Historical Statistics*, pp. 333f.
- ⁹⁵ Shay, *British Rearmament*, p. 201.
- ⁹⁶ Parker, *Chamberlain and Appeasement*, p. 68; Schmidt, 'Domestic Background', pp. 103–8.
- ⁹⁷ Dunbabin, 'British Rearmament', p. 597.
- ⁹⁸ Parker, *Chamberlain and Appeasement*, pp. 308–15.
- ⁹⁹ Kennedy, *Realities behind Diplomacy*, p. 244.
- ¹⁰⁰ Parker, *Chamberlain and Appeasement*, pp. 45ff., 307ff.
- ¹⁰¹ *Ibid.*, pp. 55ff.
- ¹⁰² Thompson, *Anti-Appeasers*, p. 47.
- ¹⁰³ Adamthwaite, 'British Government and the Media', p. 293.
- ¹⁰⁴ Crowson, *Facing Fascism*, p. 83.
- ¹⁰⁵ Adamthwaite, 'British Government and the Media', pp. 291f.
- ¹⁰⁶ Parker, *Churchill and Appeasement*, p. 144.
- ¹⁰⁷ Henderson to Halifax, September 1, 1938, in Woodward and Butler (eds.), *Documents on British Foreign Policy*, Series 3, vol. II, p. 203.
- ¹⁰⁸ Weinberg, 'Reflections on Munich', p. 7; Parker, *Churchill and Appeasement*, pp. 163f.
- ¹⁰⁹ Overy, 'Germany and the Munich Crisis', p. 194.
- ¹¹⁰ See e.g. Dilks, "'Unnecessary War'", p. 124.
- ¹¹¹ Lamb, *Drift to War*, p. 250.
- ¹¹² Forbes, 'London Banks', pp. 574f., 583f.
- ¹¹³ Newton, "'Anglo-German" Connection', pp. 296–300; MacDonald, 'Economic Appeasement and the German "Moderates"'.
¹¹⁴ Quoted in Schröder, 'Ambiguities of Appeasement', p. 391.
- ¹¹⁵ Wendt, "'Economic Appeasement'", p. 168; Forbes, 'London Banks', pp. 581f.
- ¹¹⁶ Newton, "'Anglo-German" Connection', pp. 301f.; Wendt, "'Economic Appeasement'", pp. 161–5.
- ¹¹⁷ Newton, "'Anglo-German" Connection', p. 298.
- ¹¹⁸ Brown and Burdekin, 'German Debt'.
- ¹¹⁹ Parker, 'Economics, Rearmament, and Foreign Policy', p. 643.
- ¹²⁰ Newton, *Profits of Peace*, pp. 114–8.
- ¹²¹ Parker, 'Economics, Rearmament, and Foreign Policy', p. 644.
- ¹²² See e.g. Peden, 'A Matter of Timing', pp. 25f.
- ¹²³ See most recently Newton, *Profits of Peace*.
- ¹²⁴ 'The City – Then and Now', *The Economist*, October 1, 1938.
- ¹²⁵ *Ibid.*
- ¹²⁶ My interpretation in this respect differs from that of Brown and Burdekin, 'German Debt'. I am grateful to the authors for making available their weekly price series for the Dawes and Young bonds.
- ¹²⁷ Kershaw, 'Nazi Foreign Policy', pp. 133f.; Overy, 'Germany and the Munich Crisis', pp. 195–7.
- ¹²⁸ Reference to come.†
- ¹²⁹ Dilks (ed.), *Cadogan Diaries*, pp. 106–9.
- ¹³⁰ Overy, 'Germany and the Munich Crisis', pp. 204, 207–10.
- ¹³¹ Henderson, *Failure of a Mission*, pp. 163ff.
- ¹³² Dilks (ed.), *Cadogan Diaries*, p. 109.

- ¹³³ Weinberg, 'French Role', pp. 32f.
- ¹³⁴ Halifax to Perth, September 28, 1938, in *DBFP*, vol. II, pp. 587f. Cf. Lamb, *Drift to War*, p. 257; Parker, *Chamberlain and Appeasement*, pp. 178f.
- ¹³⁵ Perth to Halifax, September 28, 1938, in *DBFP*, vol. II, p. 600.
- ¹³⁶ Newton to Halifax, September 28, 1938, in *DBFP*, vol. II, p. 604; Halifax to Newton, September 29, 1938, in *ibid.*, pp. 614f. Cf. Lamb, *Drift to War*, pp. 259–61.
- ¹³⁷ Lammers, *Explaining Munich*, pp. 3–5.
- ¹³⁸ Lamb, *Drift to War*, p. 239. Cf. Bell, *Origins*, pp. 262–4; Haigh and Morris, *Munich: Peace of Delusion*, p. 79.
- ¹³⁹ Bell, *Origins*, p. 266.
- ¹⁴⁰ De la Warr to Halifax, September 15, 1938, in *DBFP*, vol. II, p. 354f. Lamb, *Drift to War*, pp. 263f.
- ¹⁴¹ See e.g. Chilston to Halifax, September 4, 1938; Newton to Halifax, September 6, 1938, in *DBFP*, vol. II, pp. 229ff., 255f. Cf. Newton, *Profits of Peace*, pp. 81f.
- ¹⁴² Phipps to Halifax, September 23, 1939; Geneva delegation to Halifax, September 23, 1938, in *DBFP*, vol. II, pp. 489, 497f.
- ¹⁴³ Watt, 'British Intelligence', p. 253; Lamb, *Drift to War*, p. 251; Newton to Halifax, September 27, 1938, in *DBFP*, vol. II, p. 567. See also Murray, 'War of 1938', pp. 261f.
- ¹⁴⁴ Newton to Halifax, September 6, 1938 in *DBFP*, vol. II, pp. 257ff.; Phipps to Halifax, September 28, 1938 in *DPFP*, vol. II, pp. 609f.
- ¹⁴⁵ Colvin, *Vansittart in Office*, p. 274; Wheeler-Bennett, *Nemesis of Power*, p. 419.
- ¹⁴⁶ Murray, 'War of 1938', pp. 263f.
- ¹⁴⁷ Bond (ed.), *Chief of Staff*, p. 160.
- ¹⁴⁸ Murray, 'War of 1938', p. 265.
- ¹⁴⁹ *Ibid.*, pp. 268ff.
- ¹⁵⁰ Watt, 'British Intelligence', pp. 258f.
- ¹⁵¹ *Ibid.*, pp. 259f.
- ¹⁵² Henderson, *Failure of a Mission*, p. 152. Cf. Wark, 'British Intelligence', pp. 642ff.; Haigh and Morris, *Munich: Peace of Delusion*, pp. 76–9.
- ¹⁵³ Murray, 'War of 1938', p. 267.
- ¹⁵⁴ Colville, *Gort*, p. 112; Lamb, *Drift to War*, p. 253.
- ¹⁵⁵ Weinberg, 'French Role', p. 37.
- ¹⁵⁶ Reynolds, *Treason was no Crime*, pp. 148, 151; Weinberg, 'German Generals', pp. 34f.
- ¹⁵⁷ Hoffman, 'Beck', p. 339; Weinberg, 'German Generals', pp. 29–31.
- ¹⁵⁸ Lamb, *Drift to War*, pp. 266ff.
- ¹⁵⁹ Hoffman, *German Resistance*, p. 63. See also Ritter, *German Resistance*, p. 93.
- ¹⁶⁰ See e.g. Warner to Halifax, September 5, 1938, *DBFP*, vol. II, pp. 242f. Cf. Hoffman, *German Resistance*, pp. 63–7; *idem*, 'Question of Western Allied Co-operation'; Astor, 'Revolt against Hitler', p. 7. For a different view see Wheeler-Bennett, *Nemesis of Power*, pp. 414f.; Ben-Israel, 'Cross-Purposes', p. 425. See also Dilks, *Cadogan Diaries*, pp. 94f. Beck himself sent Ewald von Kleist-Schmenzin to London as his emissary.
- ¹⁶¹ Hoffman, 'Question of Western Allied Co-operation', pp. 443ff.
- ¹⁶² Parker, *Churchill and Appeasement*, p. 231.
- ¹⁶³ Ogilvie-Forbes to Halifax, September 11, 1938, in *DBFP*, vol. II, p. 289. See also Kirkpatrick, *Inner Circle*, pp. 111f.
- ¹⁶⁴ Henderson, *Failure of a Mission*, p. 161.
- ¹⁶⁵ Colvin, *Vansittart in Office*, p. 273.
- ¹⁶⁶ Newton, *Profits of Peace*, pp. 55–7.
- ¹⁶⁷ Tooze, *Wages of Destruction*, table 6.
- ¹⁶⁸ Overy, 'Germany and the Munich Crisis', pp. 194–200.
- ¹⁶⁹ Colvin, *Vansittart in Office*, p. 273.
- ¹⁷⁰ Tooze, *Wages of War*, ch. 8.
- ¹⁷¹ Smelser, 'Nazi Dynamics', pp. 38f. Cf. Brown and Burdekin, 'German Debt', p. 665.
- ¹⁷² MacDonald, 'Economic Appeasement and the German "Moderates"', pp. 115ff.
- ¹⁷³ *Ibid.*, p. 121.
- ¹⁷⁴ Tooze, *Wages of Destruction*, ch. 9.

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- ¹⁷⁵ Dilks, “‘Unnecessary War’”, pp. 103, 123; Lamb, *Drift to War*, p. 265; Shay, *British Rearmament*, pp. 226f.
- ¹⁷⁶ Howard, *Continental Commitment*, p. 122; Colvin, *Vansittart in Office*, p. 270.
- ¹⁷⁷ Phipps to Halifax, September 22, 1938, in *DBFP*, vol. II, pp. 473f.
- ¹⁷⁸ Phipps to Halifax, September 22, 1938, in *DBFP*, vol. II, pp. 609f.
- ¹⁷⁹ Bond, *British Military Policy*, pp. 280f.; Colville, *Gort*, p. 112; Weinberg, ‘French Role’.
- ¹⁸⁰ For some speculations, see Murray, ‘War of 1938’; Haigh and Morris, *Munich: Peace of Delusion*, pp. 51ff.
- ¹⁸¹ Howard, *Continental Commitment*, p. 123.
- ¹⁸² Haigh and Morris, *Munich: Peace of Delusion*, pp. 49f.
- ¹⁸³ Colville, *Gort*, pp. 115ff.; Bond (ed.), *Pownall Diaries*, p. 122.
- ¹⁸⁴ Tooze, *Wages of Destruction*, ch. 9.
- ¹⁸⁵ Overy, *Air War*, p. 21.
- ¹⁸⁶ Howard, *Continental Commitment*, pp. 124f. Cf. Bond (ed.), *Pownall Diaries*, p. 164.
- ¹⁸⁷ Lamb *Drift to War*, pp. 262f.
- ¹⁸⁸ Haigh and Morris, *Munich: Peace of Delusion*, pp. 80f.
- ¹⁸⁹ *Ibid.*, p. 60.
- ¹⁹⁰ Aster, “‘Guilty Men’”, pp. 69ff.; Newton, *Profits of Peace*, pp. 83–7; Parker, *Chamberlain and Appeasement*, pp. 183f.