



Jonathan A. Grant. *Between Depression and Disarmament: The International Armaments Business, 1919-1939.* Cambridge: Cambridge University Press, 2018. x + 228 pp. \$99.99, cloth, ISBN 978-1-108-42835-4.

Reviewed by Jamie Martin

Published on H-Diplo (June, 2019)

Commissioned by Seth Offenbach (Bronx Community College, The City University of New York)

The history of disarmament between the World Wars is often narrated as a failure. In Britain, the government spent huge amounts on defense during these years, even as it found it necessary to respond to the demands of the powerful antiwar and disarmament movements. In France, where these movements were weaker, though still vibrant, the government made disarming contingent upon receiving security guarantees. Smaller states, like Greece and Romania, attempted to block these efforts altogether, while the League of Nations achieved only limited results in committing its member states to the reductions of arms. One of the most important multilateral efforts, the World Disarmament Conference of 1932-34, ended in fiasco, with Germany pulling out after the Nazi seizure of power, and the great powers descending into a dangerous arms race shortly thereafter.

Jonathan Grant's *Between Depression and Disarmament: The International Armaments Business* provides a new perspective on the histories of interwar disarmament and rearmament that avoids relitigating the successes and failures of European internationalism and pacifism or retracing the origins and outcomes of the arms race of the 1930s. It instead offers a business history of three of the most important European armament

firms--the French Schneider-Creusot, the Czech škoda, and the British Vickers--as they navigated the rapidly shifting strategic and economic landscape of these years. It focuses most heavily on the activities of these firms in the major arms-importing states of southeastern Europe--Romania, Yugoslavia, Greece, and Turkey-- and, to a lesser extent, in Poland, Finland, the Baltic States, and the Soviet Union, while keeping in mind the domestic political and economic contexts in which they operated as well. *Between Depression and Disarmament* is the rare book that can take in nearly all of Europe in less than 250 pages without sacrificing granularity: it is extremely detailed and well researched, drawing primarily from business archives in France and Britain as well as the French, British, and American national archives. What emerges from its details is not only a story about the efforts of these firms to exploit the opportunities presented by the aftermath of one war and the coming of another, but also a new picture of the dynamic and competitive relationship between business, the state, finance, and the military in interwar Europe, and the difficulty of reconciling the profit-making interests of private firms and the strategic imperatives of small and great power alike.

Grant's book is structured around the long-term consequences of two events that, more any other, he argues, "shaped the contours of the interwar armaments business" (p. 220) and that allowed France and Czechoslovakia to become the leading players in the eastern European arms trade: first, the purchase in 1919 by the French armament firm Schneider-Creusot and the Banque de l'Union Parisienne of a majority position in the Czech armament firm škoda; and second, the passage in 1921 of the British Trade Facilities Act, which prohibited the extension of credit guarantees to any British arm sale.

According to Grant, the creation of the "Schneider-škoda corporate alliance" (p. 21) has long been misread simply as a French takeover of a Czech firm that was backed by the French government for the sake of expanding its political influence in Czechoslovakia and shoring up its military capabilities in central Europe. Grant shows that the French government erred in thinking that the Schneider-škoda combination would translate directly into a strategic asset: it functioned more as a cartel to divide up markets and share orders than a proxy for French military dominance in the region. And it granted škoda a larger degree of decision-making autonomy than is often recognized, which allowed it to gradually surpass Schneider in controlling arms sales to the other members of the Little Entente: Poland, Romania, and Yugoslavia.

Grant singles out a 1933 scandal over a major artillery order placed by the Romanian government with škoda to show how complex and tense "state-state," "company-company," and "state-company" (p. 221) relations could become when the buying and selling of weapons was involved. While the French government sought through Schneider to solidify its military alliance with the Romanian state and make it dependent on French sources of materiel, Schneider refused to cooperate fully: it had already reached an agreement with škoda to cede the Romanian market to the

latter, was more interested in other buyers (like the Mexican and Polish governments), and did not trust the Romanian government to pay back any credits it received to purchase these goods. As the French government put pressure on Schneider to reach a deal with the Romanians, the firm demurred, allowing its Czech partner to dominate the market until the eve of the Second World War. In Romania, meanwhile, controversy over the apparent corruption of high-level škoda employees and Romanian government officials led to a highly publicized conflict in the parliament between the government of Alexander Vaida-Voevod and the opposition National Peasant Party.

The British government, unlike the French, shied away from direct involvement in the arms trade, in part due to the influence of the League of Nations Union. But more than anything else, Grant writes, it was the passage of the British Trade Facilities Act in 1921—designed to alleviate British unemployment through the extension of government guarantees to loans to British businesses, but which explicitly forbade any involvement in the arms trade—that weakened British arms exporters and allowed their French and Czech competitors to win eastern European markets away from them. Few major arms importers could afford to build up their militaries without long-term financing. But they were risky borrowers and could rarely find private sources of credit for arms imports. This act prevented the Treasury from helping out. This sometimes pitted it against other branches of the government: the Foreign Office and the Admiralty, for example, supported the build-up of the Greek navy in order to keep Greece from falling into a French or Italian sphere of influence. But the Treasury prevented any financial assistance from being given to the British shipbuilding firm that was to fulfill the order. Thus, Grant writes, while "Britain lacked an overt multilateral disarmament policy ... the government's limited technical, financial, and diplomatic backing for British armament firms effec-

tively contributed to a kind of disarmament by default” (p. 80).

After the Labour Party’s return to power in the election of 1929, the British government found itself needing to answer more to the powerful anti-war and disarmament movements and played an important role in supporting the World Disarmament Conference of 1932-34. While this conference would, in the end, prove a disastrous failure, it was watched closely by British arms dealers, who at the same time were also suffering from the collapse of global demand caused by the Depression, and who planned to expand production of the highest caliber of gun allowed under any new international rules. When Germany pulled out of the talks, members of several branches of the British government, including the Board of Trade, Admiralty, and Overseas Trade Board, looked to support the reentry of British firms into the European arms trade. But Ramsay MacDonald, worried about the public reaction to backing “private armaments firms over the greater good of disarmament” (p. 166), refused to amend the policies that had kept British firms out of the game since 1921.

When the British and French government began rearming, the export business of Vickers and Schneider was further restricted, as these firms now worked single-mindedly to supply domestic military needs. This allowed Czechoslovakia to become, by 1935, the “world’s largest exporter of armament” (p. 176), even as Czech firms now faced German competitors like Krupp and Rheinmetall. Unlike their British counterparts, Czech and German firms were willing to sell to eastern European buyers that lacked hard currency and that were forced to rely on the barter of raw materials and agricultural primary products (p. 177). Until the Anschluss, Grant writes, škoda outcompeted German firms in the region, winning major orders from Romania and Yugoslavia, but after the invasion of Czechoslovakia, the Czech firm fell into German hands. When škoda was incorporat-

ed into the Reichswerke Hermann Göring, this provided the Nazi war machine with enormous arms manufacturing capacity, over 1,500 aircraft and nearly 500 tanks, and the ability to dominate the supply of the Romanian and Yugoslavian governments in exchange for goods like oil, copper, zinc, and chrome.

One of the aims of Grant’s efforts to renarrate the histories of disarmament and rearmament through a “micro-economic” focus (p. 220) is to dispel overgeneralizations about arms exporters as “merchants of death:” far from drumming up war scares and bribing government officials into buying goods they did not need, these firms, in fact, had to turn away business from credit-poor southeastern European governments that were desperate to build up their militaries in order to protect their hard-won sovereignty. While “bribery and corruption abounded” (p. 221), Grant writes, these governments needed little prompting from private companies to buy tanks, guns, and artillery. Grant also demonstrates that the efforts of governments to corral private defense firms for their own purposes were, until the years just before the Second World War, seldom successful: the French state could never make Schneider into a tool of its grand strategy, and the British government was waging its own internal war over whether it too would attempt to do so with British firms. Even under the early years of the Nazi regime, Grant argues, German arms dealers and the government did not always see eye to eye: when it came to southeastern Europe in the early 1930s, the former wanted to pursue a strategy for long-term dominance in the region, while the latter insisted on a breakneck strategy of selling arms in exchange for the strategic raw materials and hard currency needed for domestic rearmament. Grant also insists that any claims that southeastern European states could have been brought into an anti-German alliance if British and French firms had sold them more arms is belied by the fact that efforts to do so with Turkey in 1938, after the British government dropped its op-

position to financing arms exports, were a failure. The Turkish government's efforts to double the size of the Turkish navy and air force led it to play British and German firms off each other without extending the promise of alliance to either government.

Grant's pathbreaking account of the political economy of the arms trade does not only add new details from the archives of private firms to well-known episodes in the histories of interwar disarmament and rearmament. It also offers a new perspective on the efforts of European governments and private businesses to reach an accommodation between the at times compatible and at times conflicting imperatives of strategic planning and profit-making in the wake of one total war and the coming of another.

If there is additional discussion of this review, you may access it through the network, at <https://networks.h-net.org/h-diplo>

Citation: Jamie Martin. Review of Grant, Jonathan A. *Between Depression and Disarmament: The International Armaments Business, 1919-1939*. H-Diplo, H-Net Reviews. June, 2019.

URL: <https://www.h-net.org/reviews/showrev.php?id=53757>



This work is licensed under a Creative Commons Attribution-NonCommercial-No Derivative Works 3.0 United States License.