

#### Between Depression and Disarmament

The International Armaments Business, 1919–1939

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European markets serve as the chief subjects for this book, and the core primary sources relied upon include their unpublished corporate archival documents.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

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





# Between Depression and Disarmament

The International Armaments Business, 1919–1939

Jonathan A. Grant

Florida State University





# **CAMBRIDGE**UNIVERSITY PRESS

University Printing House, Cambridge CB2 8BS, United Kingdom

One Liberty Plaza, 20th Floor, New York, NY 10006, USA

477 Williamstown Road, Port Melbourne, VIC 3207, Australia

314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre, New Delhi - 110025, India

79 Anson Road, #06-04/06, Singapore 079906

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of education, learning, and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9781108428354

DOI: 10.1017/9781108552721

© Jonathan A. Grant 2018

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2018

Printed in the United Kingdom by Clays, St Ives plc

A catalogue record for this publication is available from the British Library

ISBN 978-1-108-42835-4 Hardback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party internet websites referred to in this publication, and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.



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





# Contents

	List of Tables	page viii
	Acknowledgments	ix
	List of Abbreviations	X
	Introduction	1
1	The Schneider-Škoda Alliance, 1919-1930	24
2	Disarmament by Default: The British Arms Business in Eastern Europe, 1921–1930	52
3	The Škoda Scandal in Romania, 1930–1934	82
4	Limited Modernizations and Surreptitious Rearmaments: The Aircraft Business in Eastern Europe 1920–1930	, 110
5	Soviet Rearmament, Great Depression, and General Disarmament, 1930–1933	143
6	Czechs and Balances: Rearmament and the Switch from Peace to War, 1934–1941	170
7	Conclusion	220
	Index	225

vii



# **Tables**

1.1	Global Exports of Combat Aircraft, Tanks, Submarines, ar	ıd
	Warships, 1930–1940	page 17
I.2	Naval Deliveries by East European Buyer, 1930–1940	17
1.1	Main Customer States of Škoda, 1921–1923, Converted	
	into Millions of Dollars	37
1.2	ČZB's Net Profit, 1920–1928, Converted into Millions of	
	Dollars	41
1.3	Total Sales of Škoda Works, 1925–1929, Converted into	
	Millions of Dollars	50
2.1	Naval Sales to Eastern Europe, 1922–1930	53
2.2	Vickers Armaments Contracts in Eastern Europe,	
	1925–1929, in Pounds Sterling	81
3.1	Arms Sales of Škoda Works, 1930–1934, Converted into	
	Millions of Dollars	109
5.1	Schneider's Artillery Business, 1930–1934	165
5 2	Vickers_Armstrong's Armaments Rusiness 1030_1033	160

viii



## Acknowledgments

This book would not have been possible without the support of many people. First, I would like to thank Professor Katsuhiko Yokoi of Meiji University, Tokyo, for inviting me in 2008 to join his research group devoted to the arms trade in the interwar era. Professor Yokoi's encouragement, along with the support of a Grant-in-Aid for Scientific Research from the Japanese Ministry of Education for the fouryear research project from 2008 to 2011, enabled me to embark on writing this book. Among archivists, I owe special thanks to Eric Van Slander and Martin A. Gedra at the US National Archives II (College Park, Maryland) for cracking the seemingly indecipherable reference codes of the US military attaché reports that proved invaluable for this study. Additional thanks are due to Xavier Breuil at the Historical Archives Department of the Société Générale for graciously allowing me access to the banking records and to Stephen Walton, the Senior Curator at the Imperial War Museum (Duxford), for arranging for me to view the Krupp Archives Essen files while I was in London. The staffs at the British National Archives (Kew), the French Foreign Ministry Archives (Paris), the Académie François Bourdon (Schneider Archive, Le Creusot), and the Manuscripts Division of Cambridge University Library (Vickers Archive) deserve much praise and appreciation as well. For funding support, I also thank the Council on Research and Creativity at Florida State University for awarding me a Planning Grant to conduct much of the research in 2010-2011 and Blair Ruble at the Woodrow Wilson Center for providing a Kennan Short-Term Grant, which enabled me to conduct archival research at College Park in 2012. Most important of all, I wish to express my gratitude to my wife, Lynn, and my daughter, Laila, for their patience and loving support while accompanying me on the long research trips abroad. They both were there every step of the way.



### **Abbreviations**

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

#### **British National Archives, Kew**

Admiralty AIR Air Ministry BTBoard of Trade CAB Cabinet Papers FO Foreign Office **GFM** German Foreign Ministry, Captured German Documents microfilm Т Treasury WO War Office

#### US National Archives II, College Park, Maryland

RG Record Group USDS US Department of State

ADM