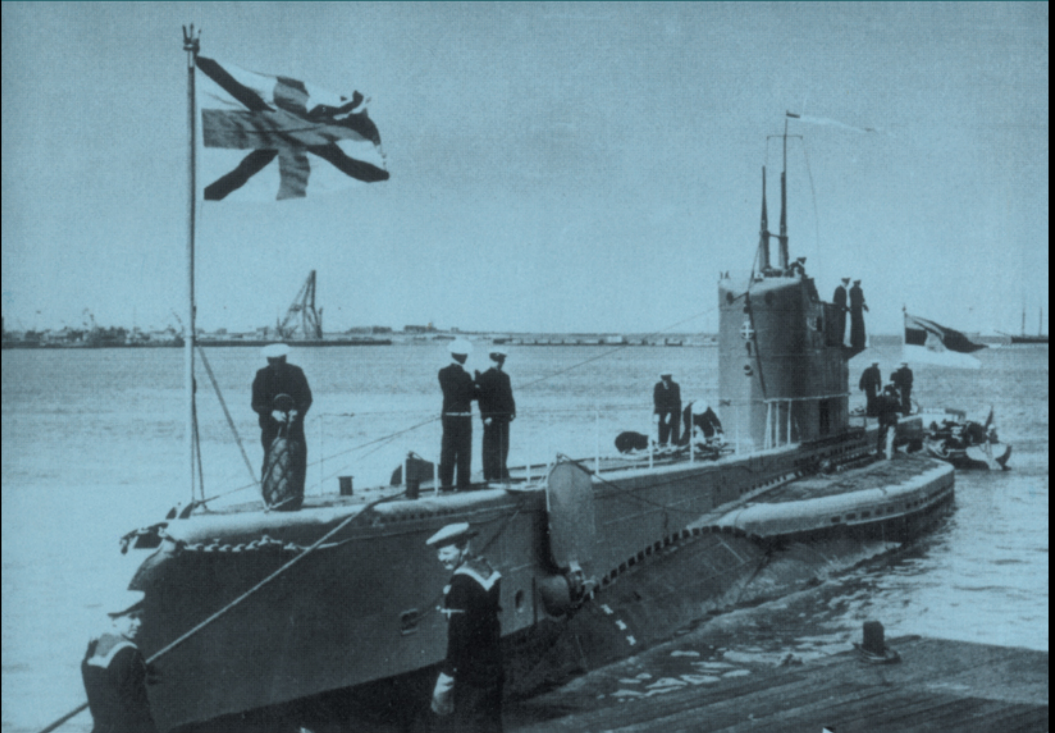


# Britain, France and the Naval Arms Trade in the Baltic 1919–1939

*Grand Strategy and Failure*



**DONALD STOKER**

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# BRITAIN, FRANCE AND THE NAVAL ARMS TRADE IN THE BALTIC 1919–1939

Grand Strategy and Failure

*Donald J. Stoker Jr*

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FRANK CASS  
LONDON • PORTLAND, OR

*First published in 2003 in Great Britain by* FRANK CASS PUBLISHERS Crown House, 47 Chase Side, Southgate London N14 5BP

This edition published in the Taylor & Francis e-Library, 2005.

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*Website:* <http://www.frankcass.com/>

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British Library Cataloguing in Publication Data

Stoker, Donald J. Britain, France and the naval arms trade in the Baltic, 1919–1939: grand strategy and failure.—(Cass series. Naval policy and history; 18) 1. Sea Power—Great Britain—History—20th century 2. Sea-power— France—History—20th century 3. Arms transfers 4. Great Britain— Foreign relations—Baltic States 5. Great Britain—Foreign relations— 1910–1936 6. France—Foreign relations—Baltic States 7. France— Foreign relations—1914–1940 8. Baltic States—Foreign relations— Great Britain 9. Baltic States—Foreign relations—France I. Title 359'.03'0941'09042

ISBN 0-203-51964-7 Master e-book ISBN

ISBN 0-203-58173-3 (Adobe e-Reader Format)

ISBN 0-7146-5319-5 (Print Edition) (cloth)

ISSN 1366-9478

Library of Congress Cataloging-in-Publication Data

Stoker, Donald J. Britain, France and the naval arms trade in the Baltic, 1919–1939: grand strategy and failure/Donald J.Stoker, Jr. p. cm.—(Cass series-naval policy and history, ISSN 1366-9478; 18) Includes bibliographical reference and index. ISBN 0-7146-5319-5 (cloth) 1. Europe—History, Naval-20th century. 2. Great Britain-Military relations-Baltic Sea Region. 3. France-Military relations-Baltic Sea Region. 4. Baltic Sea Region-Military relations-Great Britain. 5. Baltic Sea Region-Military relations-France. 6. Arms transfers-Europe-History-20th century. I. Title. II. Series.

D436.S76 2003 359'.03'0947909041—dc21 20030043431

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To Lyla Nabulsi and Diana Rineer

—*teachers*

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## Series Editor's Preface

As everyone knows, navies are an instrument for politicians and diplomats to wield in what they conceive to be the national interest, in both peace and war. Their military functions in war are well understood and frequently analysed, but much less attention is paid to their diplomatic function in peacetime. Much of what there is on this tends to be focused on naval activities that are aimed at powerful adversaries and are intended to be frankly coercive. It may be either a question of compelling an adversary to do something, or perhaps of deterring them from some unwanted act. Indeed, we see ample evidence of this kind of naval coercion in the Gulf and the Arabian Sea in the early twenty-first Century.

By contrast, however, much less attention is paid to the business of coalition-building through naval diplomacy, an activity which has become an avowed function of modern navies. Coalition-building can be conducted by a wide variety of means, including port visits, combined exercises of varying sizes and levels of ambition and complexity, staff college exchanges, training programmes, naval agreements and cooperation in the procurement of naval platforms, weapons and sensors.

In this book, Donald Stoker provides us with a detailed analysis of a particular case study of naval coalition-building through the naval arms trade that has been almost completely forgotten. He explores the thinking behind the British and French campaign to build an enduring relationship with Poland and the newly independent Baltic republics through the provision of advice and naval equipment in the period between the First and Second World Wars. This is obviously a historical topic with much contemporary relevance.

Stoker shows that the prime motives of both the French and the British naval coalition-building effort were partly to help create a *cordon sanitaire* to the east of Germany that would produce a security architecture conducive to future security in the area, partly to outdo each other, and partly, perhaps mainly, to make money. The French were much more committed to all of these aims than were the British, and the British Admiralty in particular was generally unsympathetic to the notion that the naval arms trade should be used in this way.

Poland and the Baltic republics showed the qualities characteristic of leaders of new states developing navies from scratch: a general lack of maritime experience and consequent inability to understand what they needed; maritime priorities that were quite low in comparison with other pressing issues; debilitating levels of administrative incompetence and corruption; and an over-reliance on the shady individuals and adventurers sometimes encountered in the murky arms-trade world. The aspiring arms sellers themselves were muddled in their own priorities and unclear as to whether they were using political means to achieve economic objectives or the other way about.

The result was failure at every level. The locals did not manage to acquire navies of any material consequence in averting or escaping the great crisis of 1939–40 that was to

lead to a strategic catastrophe for them all. The British and French failed to locate and develop a worthwhile naval market for themselves, or to help create a stable security system in the Baltic that would deter Germany and Russia from engaging in reckless policies leading to war. The experience shows how difficult naval coalition-building can be, especially when the protagonists are not clear about what their aims are. In today's circumstances, there may well be useful lessons in this meticulous review of the British and French approach to the naval arms trade in the Baltic between 1919 and 1939.

*Geoffrey Till*  
*Series Editor*

## Acknowledgments

A project such as this reaches fruition only with the help of a great number of people. It began as a doctoral dissertation directed by Paul G. Halpern at Florida State University. Jan K. Tanenbaum, Jonathan A. Grant, Edward D. Wynot, and Morton Winsberg also sat on the committee, and I thank all of them for their direction and support.

For research assistance I am grateful to the following: the staffs of the Public Record Office, Service Historique de la Marine, Liddell Hart Centre, Finnish Military Library, Ministère des Affaires Étrangères, the US National Archives, the Auswärtiges Amt in Berlin, Roderick Suddaby, Paul Kemp and the staff of the Imperial War Museum, Andrez Suchon of the Polish Institute and Sikorski Museum, Ilka Korhonen and the staff of the Finnish Military Archives. Additionally, John Dunn of Valdosta State University furnished material from his research on Poland, and Reet Nuber, of the Estonian Ministry of Defence, provided the photograph for the jacket. The late Commodore Erik Wihtol of the Finnish Navy answered innumerable questions from a puzzled American and was generous enough to provide some important research materials. Doug Porch lent me numerous books from his collection and answered many questions on France. Annette Forsén, Björn Forsén, Esa Sundbäck, Julien Gueslin, and Louis Clerc provided me with copies of their respective works on the Baltic.

The Kennan Institute for Advance Russian Studies kindly funded my research in Washington, DC. Several people provided generous help with translations: Hege Carlson, Janina Jadrych, and Michael Jasinski. My marvelous friends Gerard and Jackie Margolis provided a room in their apartment in Paris to a poor graduate student.

At Florida State University, Debbie Perry and Ann Marsh assisted in innumerable ways. I extend my special thanks to Anne Spangler and Dusty Matthews, and the other geniuses of the Interlibrary Loan Department at Florida State University. I could not have done the research without them.

The following read all or part of the manuscript and offered wonderful advice and corrections: Annette Forsén, Björn Forsén, Kenneth Hagan, George Maude, Esa Sundbäck, Geoffrey Till, and Erik Wihtol. I am also grateful to the US Naval War College's College of Distance Education for the time to complete this project. Particularly important were Vice-Admiral Arthur K. Cebrowski, Rear-Admiral Rodney P. Rempt, Charlie Niemeyer, John Jackson, Tim Jackson, Doug Smith, Stan Carpenter, Fred Drake, and Hal Blanton.

Finally, I would like to thank my parents and brothers for their support and my wife Carol for putting up with someone who spends so much time in a region so far away. Any mistakes are my own.

# Abbreviations

AA	Auswärtiges Amt
AGNA	Anglo-German Naval Agreement
AMAE	Archives du Ministère des Affaires Etrangères
<i>B DFA</i>	<i>British Documents on Foreign Affairs</i>
CMB	coastal motor boat
<i>DBFP</i>	<i>Documents on British Foreign Policy</i>
DDMI	Deputy Director of Military Intelligence
DMI	Director of Military Intelligence
DNI	Director of Naval Intelligence
DRC	Defence Requirements Committee
FMA	Finnish Military Archives
FO	Foreign Office
<i>IABS</i>	<i>Record Relating to the Internal Affairs of the Baltic States</i>
<i>IAL</i>	<i>Records Relating to the Internal Affairs of Latvia</i>
LHC	Liddell Hart Centre
NA	National Archives
MA	military attaché
MAE	Le Ministre des Affaires Etrangères
MM	Le Ministre de la Marine
<i>MSF</i>	<i>Correspondence of the Military Intelligence Division Relating to General, Political, Economic, and Military Conditions in Scandinavia and Finland</i>
MTB	motor torpedo boat
n.d.	not dated
<i>PBS</i>	<i>Correspondence of the Military Intelligence Division Relating to General Political, Economic, and Military Conditions in Poland and the Baltic States</i>
PISM	Polish Institute and Sikorski Museum
PP	Personal Papers
<i>PRF</i>	<i>Records of the Department of State Relating to Political Relations Between Finland and Other States</i>
PRA	Puolustusrevisionin Arkisto
PRO	Public Record Office
SHM	Service Historique de la Marine

s.i.  
SNO  
WO

signature illegible  
Senior Naval Officer  
War Office

The dates of cited documents have been translated into English.



# Introduction

'It felt like the whole peninsula would turn over',<sup>1</sup> so commented a Polish veteran of the opening salvos of the First World War. The Nazi war in Europe began on 1 September 1939 when the pre-dreadnought battleship *Schleswig-Holstein* shelled the Polish fortifications on the Westerplatte. Few realize that the conflict's initial blows fell in the Baltic Sea. Fewer still know that a warship delivered them.

The outbreak of the Second World War in Eastern Europe marked the failure of the interwar grand strategies of both France and Great Britain. From the end of the First World War, both of these nations had pursued a variety of paths, some antagonistic, some similar, in their respective efforts to prevent the war that began in the autumn of 1939.

Moreover, the war's onset marked the failure of one of the key elements of Anglo-French policy in the Baltic: the *cordon sanitaire*. Britain and France strove to use the nations emerging from the shattered Austrian, German, and Russian Empires as weights against German power. With Lenin's Revolution came the additional goal of keeping Germany and Russia separate.<sup>2</sup> Poland, Finland, Estonia, Latvia, and Lithuania, were five of the new nations that benefited from this policy.

The new war also marked the failure of Britain and France to achieve their economic goals in the Baltic. Throughout the interwar period both powers struggled to build their own influence, while undermining that of the other, in order to gain a stronger position in the region's markets. Both used naval and military missions as policy tools. The naval missions, our primary concern, played a number of roles. Obviously, they advised the developing naval forces, but their most important function became securing arms contracts in the often-misplaced hope of furthering economic influence.

The outbreak of war also signaled an end to two decades of military preparation in the five new or reborn states of the Baltic. Poland, Finland, Latvia, Lithuania, and Estonia all built military forces that they hoped would deter invasion. These defenses, except perhaps in the case of the Poles, were primarily directed against the Soviet Union, the power which all had fought for their independence. These five states launched naval defense programs integrating warships, coastal fortifications, and aircraft. Much of the needed military equipment had to come from abroad, especially technically complex items such as warships.

The need to defend their respective coastlines from hostile descents, coupled with the necessity of dealing with foreign contractors to secure warships, produced an intense contest for the orders among the major European, and sometimes US and Japanese arms suppliers. Britain and France were the most persistent competitors, and many of their military, diplomatic, and civilian personnel proved willing to go to extraordinary ends to obtain the naval armaments orders of the eastern Baltic.

Examining the naval arms trade sheds new light on the economic, political, and military aspects of interwar British and French grand strategy. Winning the orders became important to the economic health of both nations, but they also believed other benefits fell to the power winning the bids. To the British and French navies, selling



warships became a means of propping up their respective naval industries. To the British and the French governments, and their naval leaders as well, sales meant influence. And influence meant control. And control meant more orders. But this assumption proved as wrong as much of British and French thinking between the wars.

The underlying reasons for the intense British and French interest reveal much about their interwar goals and fears. Often, they did not pursue sales to strengthen their respective regional military positions, nor did they necessarily seek to improve the military capabilities of the states of the eastern Baltic. Indeed, the French, as well as the Poles, sometimes accused the British of working to *hinder* naval development in the area, a charge echoed by others. Generally, the British and French maneuvered for the contracts not merely because of economic self-interest, but as a means of fulfilling their quest for diplomatic, and more importantly, economic dominance. Each worked desperately to increase its own influence and limit the growth of its rival's influence so as to gain additional sales. Military necessity rarely played a part. For example, a British officer, who unofficially offered advice on coastal defense to the Lithuanian government, was chastised by his superiors for doing so.<sup>3</sup> Moreover, examining naval development through the twin lenses of naval missions and the naval arms trade presents a microcosm that illuminates larger British and French actions, thereby contributing to a better understanding of the overall failure of French and British grand strategy between the wars.

It is equally important to consider the roles of the small states in this process. They were independent actors pursuing their own policy goals and security needs. Sometimes, they seized upon opportunities arising from intense French and British interests and worked to mold the policies of the Great Powers to their own ends. The British and French, who saw these small states as tools for pursuing their own objectives—easily manipulated ones—generally forgot that small nations have their own goals. They did not view them as equals, nor as nations exercising an independent will. They were merely markets and, occasionally, supplemental defense forces. As much as possible, the side of the smaller powers is presented as well.

## FRENCH AND BRITISH GRAND STRATEGY

In some respects the immediate post-First World War situations of Great Britain and France were quite similar. Both were victorious powers, tired from a long war, and eager to preserve the postwar status quo. Both wanted security, the preservation of their empires, and a rapid recovery of prewar trade. Though they had the same goals, how each power believed these should be achieved produced tension, and the biggest bone of contention was the issue of security.

### *France*

In the period between the wars little mattered as much to French leaders of all political persuasions as security against a future German attack. After the First World War, the French High Command was convinced, correctly, that Germany had not accepted defeat. A powerful political figure, Raymond Poincaré, was 'ever fearful of a revival of German

military power'. These attitudes were far from unusual, and motivated French leaders to devote the nation's political, economic, diplomatic, and military resources to the pursuit of security. The firm belief that the next war would be a long one underpinned France's grand strategy.<sup>4</sup>

The stark reality of France's weakness in comparison to Germany shaded the actions of France's statesmen and strategists. Demographically, Germany's heavyweight status overpowered France. Moreover, the bulk of France's industrial capacity and mineral resources lay on the German border, making it vulnerable in the event of an attack. German industrial potential also outstripped that of France.<sup>5</sup>

This awareness of French weakness in such important measures of industrial strength, joined with the 'long war' belief. These factors, in turn, combined with the experience of the First World War, producing by the early 1920s French awareness of the need to mobilize all of the nation's resources to fight the next war. France's empire remained one of the sources of this strength, and ensuring the continuous flow of men and material from French possessions became one of the primary tasks of the French Navy.<sup>6</sup>

The First World War also proved to France that it could not win the next war without allies. After Georges Clemenceau bargained away the security demands of the French military by giving way on the issue of the Rhineland's separation from Germany, a concession made in return for an Anglo-American alliance that France never received, the military searched for a way to fulfill what became one of the primary tenets of France's interwar strategy: not to fight on French territory. Moreover, to replace Russia, which had collapsed into revolution, civil war, and then worst of all, Bolshevism, Marshal Ferdinand Foch looked to the new states. The politicians agreed with the army, and moved even more quickly than the marshal preferred to pull Poland into an alliance. Belgium and Czechoslovakia became part of the numbers game of adding divisions to the French Army, and on 29 July 1920, Foch eagerly signed a military accord (not an alliance) with Belgium.<sup>7</sup> Later, the Little Entente would also find itself counted among France's counterweights to German strength.

The French Foreign Ministry played a key role in France's grand strategy. Its representatives sought to win as much support from allies as possible, and ultimately, to prevent war from breaking out. France's alliance building was most active under governments that pursued a more independent foreign policy. In 1920–21, Alexandre Millerand, first as Prime Minister, and then as President, worked to break France's strategic dependence upon Great Britain. Key to this was Millerand's sincere, but failed effort at economic cooperation and *rapprochement* with Germany, while seeking to uphold the elements of the Versailles Treaty that best served French interests. Under his watch France signed the aforementioned 1920 military accord with Belgium and a 1921 alliance with Poland.<sup>8</sup>

The French Army's war plans during the 1920s assumed the active participation of France's Eastern and Central European allies in a war with Germany. In the early 1920s, Foch had offensive plans for attacks into Germany from the areas of French occupation in the Rhineland. Negotiations produced the 1924 French alliance treaty with Prague, as well as the construction of the Little Entente. These agreements never coalesced into the strong front that many French leaders craved, and were sometimes little more than bilateral pacts.<sup>9</sup>

French military and diplomatic interests in Eastern and Central Europe supported France's security goals, but the Baltic was also critical as a market for French goods, and as a source of strength and material. France's conduct of the arms trade, particularly with its ally Poland, shows French priorities for the region, and contributes to the overall picture of French grand strategy between the wars. Soon, economic considerations began to take precedence over all others.

In general, France worked hard at using its political position to win economic advantages with its allies. Indeed, one of the primary tasks of French military and diplomatic representatives in the Baltic was to do just this. Generally, the diplomats laid the foundations for French arms sales to help French industrial concerns, thereby contributing to France's economic growth.<sup>10</sup> In the Baltic region between the wars, arms sales were a means of pursuing the nation's diplomatic, military, and economic objectives.

### *Great Britain*

Britain also pursued a grand strategy with the objective of national security, but did not feel as threatened by Germany as France. This is easily understood because the surrender of the German fleet as an element of the Versailles settlement, as well as the treaty's strictures upon German naval development, removed Germany's immediate means of attacking Great Britain. Moreover, the general results of the war left the British in an apparently strong position *vis-à-vis* its traditional rivals of late, Germany and Russia. To ensure its security, Great Britain strove to maintain the traditional balance of power. Moreover, the British sought to prevent a hostile power from controlling the Low Countries and the ports along the English Channel.<sup>11</sup> In British eyes, failure to accomplish these objectives would result in grave threats to Britain's security. Additionally, Britain desired a quick resurrection of international trade, particularly with their largest, pre-war partner—Germany.

In the immediate post-First World War period, the Versailles Treaty did not produce the postwar stability for which people hoped. Instead, it quickly produced tensions between Britain and France. Immediately after its signature, voices in Britain saw Versailles as unworkable and called for its revision. The French insisted that only the maintenance of all of the treaty's provisions could keep France secure.<sup>12</sup> Britain read aggression, arrogance, and intransigence into France's pursuit of policies intended to protect the declining strategic position of Paris.

In 1919, the British government told its service departments to begin planning on the assumption that Britain would not be involved in a major war within the next ten years. By the end of Stanley Baldwin's second government in 1929, the 'Ten-Year Rule', as it came to be called, had become institutionalized as a measure for assessing the nation's risk of war. It was to be carried over into each successive year until the government said otherwise.<sup>13</sup>

In the 1920s, imperial defense dominated Britain's strategic concerns. The political leadership saw the Soviet Union as the primary opponent. The British though, particularly the Royal Navy, did not neglect war planning against such powerful potential opponents as Japan, and of course, the United States. Unlike its government, the Royal Navy saw Japan as the most likely future enemy. Generally, the British abandoned any

idea of a continental commitment like that of the First World War, echoing the isolationist call of public opinion.<sup>14</sup>

Militarily, the Royal Navy was expected to bear the brunt of Britain's defense responsibilities, and therefore received the bulk of the money allotted to the armed forces, at least in the 1920s. Sea power played the dominant role in British strategic planning and the navy was seen as a way of exerting economic pressure on the enemy, as well as the means of protecting British trade. Moreover, the navy planned to conduct a *guerre de course* against an enemy, attacking the opponent's trade routes, 'while avoiding action with superior forces'.<sup>15</sup>

In the initial postwar period the strategic thinking of the army mattered very little because Britain effectively disarmed in regard to its land forces. Ironically, as it did so, the army's commitments increased because of the expansion of the empire and civil unrest in places such as Ireland and the Middle East (a situation not unlike that faced by the US military since the end of the Cold War). The army believed its next likely and significant wartime task would be fighting the Soviet Union, particularly in the defense of India. The Foreign Office, at least in the 1920s, agreed.<sup>16</sup>

The RAF fared a little better than the army, though its ideas on the dangers to Britain bordered on the surreal. The RAF saw French air power, and its superiority over Great Britain's, as the threat against which London had to prepare.<sup>17</sup> The government also expected the Royal Air Force (RAF) to work with the army in garrisoning the empire.<sup>18</sup>

The pursuit of disarmament became a critical element of British grand strategy. After the First World War, many of Britain's leaders were convinced that armaments were a direct cause of war and therefore came to the conclusion that reducing weapons would produce security. Moreover, the British believed that victory in the First World War had assured Britain's safety, thus enabling the pursuit of disarmament as a policy. The French took the opposite view, believing that insecurity produced the need for nations to have sufficient armaments to defend themselves from aggressors.<sup>19</sup>

Britain's gutting of its defense forces contributed to tensions between the two powers, for British military weakness injured France's strategic position in regard to Germany. And France believed it needed to be strong against Germany because the French knew the Germans would have to be forced to keep the provisions of Versailles. Consistently, tensions over Germany kept the two powers at logger-heads, with Britain never realizing that France's primary objective was not hegemony, but security. After 1922, and the collapse of David Lloyd George's government, most British leaders had little interest in strategic matters until the 1930s.<sup>20</sup>

Overall, Britain's grand strategic thinking was not nearly as clear as that of France. The prime reason for this was that the French had the proverbial 800 pound revisionist gorilla on their doorstep, and the British did not. But there was something upon which both powers did agree: the necessity of maintaining and expanding their own economic strength. In this respect, the immediate postwar government of David Lloyd George provided much clearer direction. Lloyd George wanted the economy back on track, and had few qualms about making drastic reductions in defense spending as one means of doing so.<sup>21</sup> The French certainly cut spending from its wartime heights, but not to the extremes found in Great Britain.

Slashing government spending was seen as one method of improving economic strength, but nothing was viewed as being better than the expansion of foreign trade. The

defeat of the German and Austro-Hungarian Empires as a result of the First World War, and the collapse of Russia into revolution, and eventually, civil war, created great opportunities in Eastern and Central Europe for the growth of French and British commerce. Both powers eyed the region eagerly, but before they could benefit from it, they had to secure it. And from this desire arose the *cordon sanitaire*.

### THE CREATION OF THE *CORDON SANITAIRE*

In the aftermath of the Great War, Britain, France, and the other Entente powers became involved in the independence struggles of the new nations of Central and Eastern Europe. In some respects, Britain and France pursued this policy out of sympathy for the former subject peoples of the disintegrating Romanov, Hohenzollern, and Habsburg Empires. Self-interest, though, soon proved a stronger driving force than any esoteric emotional attachment. Great Britain, but more particularly France, hoped to create among these new and reborn nations a group of states that would offset any future resurgence of German military power.<sup>22</sup>

Strategic considerations drove the initial horse of Anglo-French involvement, but the cart coming behind was a desire for increased economic penetration of the region. The French wanted to forestall what they saw as growing British economic influence, while Great Britain sought to replace markets lost during the First World War. In general, the British viewed France as a rival in the region, and ‘until the mid-1920s, the British considered French ambitions the most immediate threat to Baltic stability’.<sup>23</sup>

The overall French strategy for the region arose from France’s First World War search to replace its former ally, Russia. Initially, France sought to construct a barrier from the emerging states of East and Central Europe. The outline of the plan, centering initially upon Poland, was drawn up in January 1918. Even during the idea’s initial gestation, Poland took center stage in France’s effort to prevent German expansion. After the October Revolution, Romania, Finland, Czechoslovakia, Yugoslavia, and Estonia also became part of the French plan, but Poland remained France’s primary tool for containing Germany in the east. And after the war, the French meant the Poles to play Russia’s pre-First World War alliance role.<sup>24</sup>

Even while pursuing France’s strategic goals in Eastern Europe, the French Foreign Ministry remained keenly aware of the economic opportunities of an Eastern European alliance. But while France was still locked in its terrible struggle with Germany, economic objectives did not override strategic and political concerns. When peace came, this changed, and the driving force behind the French government’s interest in the region became economic.<sup>25</sup> As Europe moved farther from the end of the war, France, in the conduct of its policies in the area, increasingly placed its economic needs above strategic concerns, and alienated allies and potential friends in the course of doing so.

The British also had strategic interests in the Baltic. To London, at least initially, German influence, political as well as economic, was the threat. They wanted to eliminate German influence and supported the new states, militarily and financially, in an effort to do so. The British also sought the maintenance of the balance of power in the region, while realizing that the area had an economic significance in the event of a future European war.<sup>26</sup>

The October Revolution upset many of the plans that French and British policymakers had for the Baltic, and altered their political goals for Eastern Europe. Clemenceau feared that Bolshevism would make the nations of Eastern Europe useless as replacements for Russia in France's alliance strategy, and pushed for the transformation of what had been a barrier of states into a *cordon sanitaire* between Germany and Lenin's Russia. France's regional goals expanded to include the containment of Bolshevism, as well as of Germany. Moreover, the creation of the barrier was a means of retaining the benefits of victory, which it was feared would be lost if Germany and Russia established an alliance, or Bolshevism spread to Germany.<sup>27</sup> Indeed, Clemenceau had reason to worry. Weimar and Lenin's regime held their first military conversations in 1919.

The British also supported the policy of keeping the two pariah nations apart. They also worried about the spread of Bolshevism, particularly to countries that were the largest British markets, such as Germany. The British fear of Bolshevism decreased as the Russian Civil War wound down, and the Anglo-Soviet trade agreement of 1921 further reduced London's fears. Clearly, even at this early date, British economic interests drove their regional diplomatic goals, and would soon underpin Britain's military ones as well. The Foreign Office 'defined Britain's aim in the Baltic in 1920 as the attaining of commercial supremacy'. And as the decade wore on, trade became the 'defining principle' in Britain's Baltic policy.<sup>28</sup>

The French, for their part, also quickly began using the system for economic aggrandizement. The French intended Poland to play the central role in the construction of a *cordon sanitaire* of states between Germany and Russia, as well as in their overall strategy of alliance building. But the French Foreign Ministry had plans for Poland beyond those of the military leadership. France saw economic opportunities and the Foreign Ministry supported 'the idea of taking advantage of Poland's position as a petitioner to secure France's economic interests'. The French also did not shrink from using the alliance signed with Poland in February 1921 to extract beneficial oil and other commercial agreements from the Poles. Clearly, France's policy developed an overwhelmingly economic emphasis.<sup>29</sup>

But the Poles had an advantage of which they were not yet aware: other nations needed their markets, particularly Great Britain. Immediately after the war, Poland, as well as Finland and the three Baltic states, became important to British trade. Britain's efforts to gain economic influence in Poland convinced Clemenceau to quickly grant the Poles a 4,600,000 franc loan in April 1919.<sup>30</sup> Later, when the states of the eastern Baltic began to realize how badly the other nations wanted their business, it would open up opportunities for the small powers to attempt to manipulate and cajole the larger states.

Thus the Baltic became more important in the *economic* contest than in the *political* one, particularly in British eyes, but only slightly less so in those of the French. In adopting this orientation, both the British and French missed the point. In the future, when the Germans recovered, they waged a *political* struggle for influence in the region, with economics being a tool. After the stabilization of the area, the British and French prosecuted an *economic* struggle for the Baltic, using *politics* as a tool. Politics trumps economics. Britain and France did not figure this out until the late 1930s, after it was too late.