The depression affected the United States more seriously and for longer than any other country. Whether or not its causes lay primarily there, the weight of the United States in the world economy meant that long and severe depression in that country had a proportionate impact on the rest of the world. In Britain the depression, while painful for individuals and regions and presenting many difficulties for governments, was relatively mild, and Britain emerged from the wreckage of the gold standard as leader of a relatively successful sterling monetary bloc. The long-term trend to American economic pre-eminence was not reversed; but for a few years the balance moved slightly back in Britain’s favour.¹

The depression had profound effects on the politics and psychologies of individual nations, and at the same time world political stability was breaking down too – the relationship between the two breakdowns was not simple, and cannot be explored here. The foreign policies developed by the British and the United States governments, whilst by no means wholly new, were responses to partly new and difficult situations. In Britain it took the form of appeasement.

Appeasement has a wide range of connotations. Its meaning and its practice in Britain between the wars has been the subject of much discussion.² In the most general sense appeasement can be understood as the natural policy for a satiated power with widely scattered interests and obligations, conscious that the prospect of war, even rumour of war, spelled nothing but loss for Britain. In the 1920s awareness that the inherited burdens were too heavy for the country’s capacity was not widely
spread; but there were many pressures for a pacific policy. They operated to support the more or less active pursuit of a general European settlement that would reconcile former enemies; pursuit also of stability in the Far East and cooperation with the United States, all from a position of confidence. In the early 1930s, the economic pressures for disarmament and the public’s passion for peace reached a peak just as world stability broke down and it became necessary to acknowledge that Britain’s defences were not in a fit state to meet any single likely threat, let alone a foreseeable combination. The result was a confused and muffled transition. In some quarters the hope of a lasting solution survived for years; in others it became a question more of buying time until Britain should be strong enough—not to fight but to deter, to exercise influence, to prevent others plunging Europe or the Far East into war. By 1936 the hope of a reconciling settlement in Europe was dwindling, but it was still pursued with varying degrees of hope, almost blindly by some of those subsequently condemned for doing so, because any other policy seemed to lead straight to war and ruin. As the pace of events quickened a new element, fear, entered into appeasement. But there was no safe outcome. Appeasement itself carried enormous risks, the loss of strategic assets, the loss of allies, the loss of a short war because one had been preparing for a different kind. The risks were increasingly identified and discussed from 1936 but the government’s critics were divided. Until January 1939 reararmament was not allowed to disrupt the peacetime economy, partly because war was not certain, partly because financial and economic strength were the ‘fourth arm’ which would enable the country to fight a long war if it had to. In early 1939 financial prudence was relegated to second place; the risk of bankruptcy was accepted as preferable to the position of second in a German-dominated Europe; and a pacific public’s outrage at Hitler’s wanton aggressions impelled into action a government that, whatever its appeasing proclivities, still assumed that Britain could act as a world power.

Just as appeasement was a natural policy for a satiated and over-extended empire, so isolationism was a natural policy for the United States in the 1930s, reversing a trend that for a few years had appeared to be leading in the opposite direction,