Bringing Balancing Back In:  
Britain’s Targeted Balancing,  
1936–1939

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ABSTRACT  This article challenges the conventional wisdom that Neville Chamberlain rejected the British tradition of balance of power in the 1930s. In contrast to balance of power and balance of threat theories, states do not balance against aggregate or net shifts in power. Instead, leaders define threats based on particular elements of a foreign state’s power. The import is that different components of power of a foreign state are more or less threatening and aggregate shifts in power alone may not provoke countermobilizing behavior. In the 1930s, Britain balanced against the most threatening components of power: the German Luftwaffe and the threat of a knock-out air assault against the homeland, Japan’s Imperial Navy and its threat to Britain’s commercial trade routes and the Dominions in East Asia, and the Italian Navy and the threat to Britain’s line of communication through the Mediterranean Sea to India and Asia. Given Britain’s difficult financial circumstances, all other components of power, such as the army and the land components of power of Germany, Japan, and Italy were ranked as secondary in terms of its rearmament priorities. Thus, London was able to narrow the gap with Berlin in specific components of power of strategic importance such as aircraft production or to exceed Germany in other areas such as the Royal Navy and its battleship.

KEY WORDS: Balance of Power, Balance of Threat, Components of Power, British Rearmament and the 1930s

Much has been written about whether China, another BRIC country (Brazil, Russia, India, China), or the European Union is balancing against the United States.1 When assessing if states are balancing (or


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It is necessary to examine specific efforts of targeted balancing rather than overall military spending. In commenting on Britain's tradition of balance of power in the early nineteenth century, Lord Palmerston stated that Britain 'had no eternal allies and no perpetual enemies, only interests that were eternal and perpetual'. Of course, Britain's eternal and perpetual interests were to ensure that no single state dominated the Continent. A century later, in *The Gathering Storm*, Winston S. Churchill made a similar claim about Britain's tradition of balancing. Churchill writes 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.'

The criticism of London's 1930s interwar grand strategy is that Neville Chamberlain (as Chancellor of the Exchequer and later as Prime Minister) and the other *Guilty Men* abandoned Britain's tradition of balance of power. Britain prudently balanced against Wilhelmine Germany prior to World War I, but failed or was too slow to balance in the interwar period, even though Nazi Germany posed a much greater threat. The evidence is that Chamberlain and the appeasers rejected massive rearmament and were outspent by a four-to-one ratio, blocked a Continental size army, rejected a Continental Commitment strategy, failed to establish a counterbalancing Grand Alliance with France and the Soviet Union, and favored bilateral agreements and appeasement.

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2 Viscount Palmerston was Foreign Secretary and Prime Minister. David Brown, *Palmerston and the Politics of Foreign Policy, 1846–1855* (Manchester UP, 2002), 82–3.


In contrast to conventional balance of power and balance of threat theories, states do not balance against aggregate or net shifts in power. Leaders tasked with making foreign security policy define threats based on particular elements of a foreign state’s power. Whether a foreign state is perceived as a threat is a function of which components or elements of its power are increasing and whether they threaten important geostrategic interests. The import is that different components of a foreign state’s power are more or less threatening to other states in the international system; shifts in a state’s components of power are not equally threatening to other states. Moreover, shifts in components of power can be more or less threatening than the state’s aggregate power dictates. These findings have two implications for balance of power and balance of threat theories. First, when assessing whether a state is balancing, it is more useful to examine specific efforts of targeted balancing rather than aggregate or gross military spending. Second, net shifts in power are not a very good indicator of threat and may not provoke counterbalancing behavior by other states. More important than shifts in aggregate power is whether shifts in specific elements of a state’s power threaten the national interest of other states.

In the case of Britain in the 1930s, London balanced against the most threatening components of Germany, Japan, and Italy’s power that challenged Britain’s vital geo-strategic interests. The most threatening,

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9It is important to note that Britain did attempt to appease Italy in order to detach it from Germany. I would like to thank an anonymous reviewer for highlighting this point.
components of power were the German Luftwaffe and the threat of a knock-out air assault against the homeland, Japan's Imperial Navy and its threat to Britain's commercial trade routes and the Dominions in East Asia, and the Italian Navy and the threat to Britain's line of communication through the Mediterranean Sea to India and Asia. Britain balanced against these threats, favoring the Royal Air Force (and especially bombers and later fighter planes) and the Royal Navy (and especially cruisers) over the Army and a Continental Commitment. By 1937, to direct labor and capital to aircraft production and away from production for a land army, Chamberlain rejected the traditions of business as usual, Treasury Control over finance, and non-intervention in the economy. By 1938, Chamberlain further narrowed his balancing strategy by retreating from the pledge to send the Royal Navy to Singapore to defend the Far East, introduced conscription for defense of the homeland, and made a limited Continental Commitment to signal support to France.

Given Britain's limited financial resources, Chamberlain ranked other components of power of Germany, Japan, and Italy as secondary in terms of Britain's rearmament priorities. Britain was less threatened by the army and land components of Germany, Japan, and Italy, and the air component of Japan. Of course, other states, given their strategic interests, viewed these same components of power as more threatening, allowing Britain to pass the buck in these specific instances only while balancing against the more threatening components.

Britain's targeted balancing strategy is obscured by the aggregate numbers scholars and policy makers use to compare British and German rearmament programs (percentage of GNP or total military spending). Britain narrowed the gap with Berlin in specific components

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of power of strategic importance such as aircraft production (Britain’s larger and deeper aircraft production base allowed it to out-produce Germany during the war). Britain exceeded German production in other areas such as the Royal Navy and its battlefleet.

The next sections discuss the concepts of balance of power, balance of threat, and components of power. In bringing balancing back in, it is argued that Britain’s targeted rearmament strategy meant that London balanced against the most threatening components of Germany, Japan, and Italy’s power. The conclusion discusses the import for international relations theory of focusing on shifts in components of power rather than on the balance of power or the balance of threat.

Balance of Power Theory

Derived from Kenneth Waltz’s structural realism, realist theorists can be divided into two competing versions with competing assumptions: offensive realism and defensive realism. For offensive realists security is scarce. The anarchic nature of the international system compels great powers to maximize their share of world power and to seek superiority, rather than equality, in order to make themselves more secure and thereby increase their odds of survival. The rationale is that the more power and the stronger the state, the less likely it will be a target, since weaker powers will be dissuaded from challenging it. John Mearsheimer is clear that ‘states quickly understand that the best way to ensure their survival is to be the most powerful state in the system’. Uncertainty about intentions of other states combined with the anarchical nature of

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13 Mearsheimer, Tragedy of Great Power Politics, 33.
the international system compels the great powers to adopt competitive, offensive, and expansionist policies whenever the benefit exceeds the cost. Specifically, since intentions are never clear and a state might become more aggressive in the future, all of the major powers adopt a worst-case scenario and therefore increase their power through expansion which leads to high levels of competition. Moreover, for offensive realists, offensive actions often succeed and conquest often pays. For defensive or positional realists, security is plentiful. The great powers seek to maximize their security by preserving the existing balance of power through mostly defensive strategies. Defensive realists maintain that the international system encourages states to pursue moderate and restrained behavior to ensure their survival and safety, and provides incentives for expansion in only a few select instances. The rationale is that aggression, competition, and expansion to maximize power through primacy and preponderance are unproductive because they provoke the security dilemma and counterbalancing behavior, and thereby thwart the state’s effort to increase its security. As Christopher Layne concisely notes, ‘states balance against hegemons’. For defensive realists, since the international system rarely provides incentives for expansion, structural modifiers including the offense-defense military balance and geography, and domestic and unit-level pathologies such as elite beliefs, perceptions, and logrolled imperial coalitions, account for overexpansion, underbalancing, self-encirclement, and overextension.

For both offensive and defensive realists, the distribution of power and shifts in aggregate or net capabilities affect balancing behavior. Structural realists differentiate between bipolar and multipolar distributions of power. Mearsheimer further distinguishes between balanced multipolar and unbalanced multipolar distributions of power. Most offensive and defensive realists (other than hegemonic realists) agree that bipolar systems are more stable and less war prone than

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A According to Mearsheimer, states are not mindless expanders – states may forgo opportunities to increase their power because the costs are too high, due to diminishing returns from additional military resources, because it might undermine the economy, or building additional military forces will provoke a rival who can match the increase.


multipolar systems, and both are more stable than a unipolar system.\textsuperscript{18} Offensive and defensive realists disagree on whether multipolar systems, and especially unbalanced multipolar systems (the most unstable distribution), compel a potential regional hegemon to expand to become a regional hegemon or encourage major powers to act with restraint to prevent counterbalancing behavior.

For Mearsheimer the configuration of power that generates the most fear and the greatest security competition among states is a multipolar system that contains a potential hegemon or what he calls an unbalanced multipolar system (several great powers and a potential regional hegemon). Geographic factors such as contiguity further heighten the fears of expansion. Pressure to expand is great for a potential regional hegemon because it strives to become a regional hegemon in order to increase its odds of survival, and because of its relative power, it has a good chance of dominating and controlling the other great powers in the region. Pressure to expand is further exacerbated in regions with Continental powers that have large land armies—since for Mearsheimer these are the states that have initiated most of the wars of conquest.

In balanced multipolar systems, security competition is also high, but less so than in unbalanced multipolar systems. For Mearsheimer, buck-passing or passing the act of balancing to another state is more common in a balanced multipolar system, and even more so, if there are geographic barriers (while balancing is more prevalent in unbalanced multipolar systems and among contiguous states).\textsuperscript{19} When buck-passing rather than balancing is more prevalent, states will encounter less opposition and greater opportunities to expand while the other major powers are debating who will bear the burden of balancing the aggressor.

A bipolar system is the most stable distribution of power.\textsuperscript{20} Offensive and defensive realists agree that balancing in a bipolar distribution is more efficient because it occurs through internal mobilization rather than counterbalancing alliances and that passing the buck of balancing to another state is not an option because there is no other great power to catch the buck and balance.

\textit{Balancing or Buck-passing}

For offensive and defensive realists, the choice for great powers of balancing or buck-passing against an aggressor is a function of the

\textsuperscript{18} Karl Deutsch and David Singer counter that multipolar systems are more stable. Karl W. Deutsch and David J. Singer, \textquote{Multipolar Power Systems and International Stability}, \textit{World Politics} 16\textperiodcentered{}3 (April 1964), 390-6.

\textsuperscript{19} Both balancing and buck-passing entail balancing behavior. The question is whether the balancer or the buck catcher will do the balancing.

\textsuperscript{20} Dale Copeland asserts the opposite (\textit{The Origins of Major War}).
structure of the international system. Moreover, states either balance or buck-pass; there is no discussion that a state will balance against some threats and buck-pass against others. A threatened great power in a bipolar system must balance against a rival since there is no other balancer available. In multipolar systems states often pass the buck of balancing. Buck-passing is most widespread when there is no potential hegemon and the threatened states do not share a common border. The more relative power the potential hegemon controls, the more likely it is that all of the threatened states in the system will forgo buck-passing and form a counterbalancing coalition. Also, for defensive realists, buck-passing becomes more likely among great powers in a multipolar system when the offense-defense balance favors the defense. Under this circumstance, more insulated or geographically distant great powers can overestimate the ability of their frontline allies to withstand an initial attack, which in turn makes buck-passing a more attractive strategy for the former than balancing.

For most defensive and offensive realists, great powers rarely bandwagon. Only weak states with no great-power patron adopt such a risky strategy since there is no guarantee that the aggressor state will be satisfied rather than turning on and attacking the bandwagoners in the future. Randall Schweller challenges the assumption that balancing behavior predominates among great powers. For Schweller, this assumption reflects what he calls the status quo bias which he argues is prevalent among defensive realist arguments. Specifically, the bias assumes that ‘states are willing to pay high costs and take great risks to protect the values they possess, but will only pay a small price and take low risks to improve their position in the system’. Only for satisfied countries is the primary goal ‘to maintain their position in the system’. Revisionist states want to increase their power and to improve their position in the international system. Calling for a ‘new order’ Schweller argues that dissatisfied states are attracted to

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25 Schweller, ‘Bandwagoning for Profit’, 86.
expanding revisionist powers (what he terms 'Jackal bandwagoning'). The goal for such states is profit.

Components of Power Theory

For statesmen, assessing the aggregate or net distribution of power, especially in the short to medium time-frame, is often difficult. This problem with balance of power theory has led neoclassical realists and defensive realists such as William Wohlforth to disaggregate the concept of power into 'elements of power' and Stephen Van Evera to focus on 'the fine-grained structure of power.' Wohlforth asks 'what resources matter in world politics?' Van Evera argues that the perception of specific types of power such as offensive and defensive, first strike, and rising and declining power is more helpful in understanding interstate behavior than the gross structure of power.

In contrast to conventional balance of power and balance of threat theories, this author proposes an alternative way to conceptualize power and the balance of power. When state leaders who are tasked with making foreign security policy assess another power, they focus on both the broad shifts in the global balance of power and balance of threat, and on specific components of a foreign state's power. Whether a foreign state is viewed as a threat is a function of which components of its power are increasing and whether they challenge important geo-strategic interests. Specifically, when assessing another state, as part of their job, foreign policymakers ask which components of a foreign state's power are increasing, and whether they will peak above or below their own components of power and above critical thresholds of power. Policymakers also ask whether particular components of power of a foreign state pose a threat or challenge specific strategic or national interests. Components of national power include four areas. These are shifts or increases in a foreign state's (1) political leadership or ideology which make a state more cohesive and thereby increase its capacity to extract and mobilize resources; (2)

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25 Definitive realists also include 'structural modifiers' such as geography and technology thereby further revising Waltz's emphasis on the gross distribution of power. See Glenn H. Snyder, 'Process Variables in Neorealist Theory', Security Studies 5/3 (Spring 1996), 167–92; Wohlforth, The Elusive Balance of Power, 26; Van Evera, Causes of War, 7–9.

territory, population, or labor (especially skilled labor) which would improve its human capital; (3) industrial production, equipment, plant, capacity to produce, or capital all of which are potential for military power; and (4) land-based military, naval, air power, and the extent of reserves (rather than front-line capabilities alone).  

The international system sets the broad parameters for interstate behavior. Though, as Wohlforth and others argue, the clarity of the balance of power varies over time. For statesmen, international imperatives are stronger in a restrictive environment. Specifically, in a restrictive international environment there is greater clarity about the identity, timing, and the magnitude of foreign threats. As Taliaferro, Ripsman, and Lobell argue “this translates into clarity about the targets of policy, narrower time horizons for redressing threats, and more limited range of options.” A restrictive international environment provides clearer direction for policymakers, and discards some strategic arguments and narrows the range of optimal policy responses. This environment also provides clearer and more detailed information about enmities and future power trajectories. Moreover, a shorter and discounted time horizon for redressing threats means that many choices have disappeared from the menu of policy alternatives. In addition, in a restrictive environment, leaders must accept hard and unpopular choices that could be postponed and ‘kicked down the road’ in earlier and more permissive periods. Finally, given the greater clarity of threats and shorter time horizon, leaders will select to maximize immediate security preparations even if there are negative ramifications for longer term security, economic, or other state priorities.

In a restrictive international environment state leaders can identify specific components of power of a foreign state that endanger important geo-strategic interests. First, it is easier for policymakers to rank, prioritize, and address the most probable threats and to distinguish them from the mere possible threats. Second, leaders can direct rearmament programs to redress the imbalances in specific components of power.

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28Steven Spiegel, Dominance and Diversity: The International Hierarchy (Boston: Little Brown 1972); Mearsheimer, The Tragedy of Great Power Politics, 55–82.
33Brooks, ‘Dueling Realisms’.
that threaten strategic interests before redressing components of power that threaten less strategic interests. Third, leaders can direct industrial production, equipment, plant, and capacity to address specific shortcomings. Thus, greater clarity about enmities and power trends means that state leaders can balance against particular components of power of a foreign state. Of course, fierce bureaucratic debates among policymakers are likely given the military, financial, and industrial stakes involved.  

One important point is that shifts in the components of a foreign state's power are not equally threatening to other states. Whether a foreign state's power is perceived as threatening or non-threatening is a function of which components of its power are increasing and whether they challenge strategic national interests. The import for my argument is twofold: (1) increases in different components of power of a foreign state are more or less threatening to other states and (2) aggregate shifts in power alone may not provoke countervailing behavior. In terms of the latter point, even if a foreign state's aggregate power increases, it will not produce countervailing behavior if increases in the components of its power do not threaten other states. Moreover, as discussed below, domestic and unit level pathologies do not account for the lack of countervailing behavior. Instead, a real shift in the balance of power may fail to provoke balancing because aggregate shifts in power are less important than shifts in specific elements of another state's power.

Britain's Targeted Rearmament Strategy, 1937–1939

British rearmament in the 1930s has been used by scholars and policymakers as an example that London departed from the tradition of balance of power. Domestic and unit-level pathologies focus on parochial interests, organizational biases, imbedded beliefs of Empire, military culture, misperceptions, and misplaced ideological hostility. Scholars argue that these internal constraints caused British leaders to under-balance or to fail to adjust to a shifting international environment. 

34On elite cohesion and consensus, see Schweller, Unanswered Threats; Zakaria, From Wealth to Power, 39-41.
In contrast, structural imperative arguments contend that during the 1930s the international environment pushed British leaders to pursue a Realpolitik strategy that involved buck-passing, distancing, or buying time rather than balancing. The problem with these arguments is that they focus on the aggregate or net capability of Germany, Japan, Italy, and Britain, and by failing to disaggregate power, they ignore that London balanced against the most threatening components of power and passed the buck against the less threatening components. For instance, for Mearsheimer, until 1939, Britain pursued an offshore and buck-passing balancing strategy. In a balanced multipolar distribution of power, states are encouraged to pass the buck, and this behavior is further heightened among insular states such as Britain. By the late 1930s, with the rise of Germany as a potential regional hegemon, the European distribution of power shifted from balanced multipolar to unbalanced multipolar. In an unbalanced multipolar system, balancing rather than buck-passing is the norm because the remaining states must work together and aggregate their wealth and power into a balancing coalition or risk domination, especially in the event of a very powerful regional hegemon. Mearsheimer holds that London correctly assessed that the balance of power in Europe had shifted and adjusted by


On why it was rational for Britain and France not to form a counterbalancing alliance until 1939, see Mearsheimer, The Tragedy of Great Power Politics; and Randall L. Schweller, ‘Triopolarity and the Second World War’, International Studies Quarterly 37/1 (March 1993), 91.

Copeland (The Origins of Major War) makes a purely structural argument. He contends that as a declining and fearful state, Berlin's strategy during the 1530s was to rearm quickly in order to defeat the Soviet Union and Western powers before they closed the gap. The failure of the allies to rearm earlier and maintain rough military equality created a short window of opportunity for Germany to stop Soviet growth.
replacing its Limited Liability strategy (i.e., its contribution to a European war would be limited to naval and air power) with a Continental Commitment, military conscription, and a counterbalancing alliance with France.

According to Norrin Ripsman and Jack Levy, by the mid-1930s, London assessed that Germany had already passed Britain in terms of relative military power, though this was only a temporary imbalance of power. In 1936, British leaders initiated a major rearmament program that would narrow the relative power gap by 1939. Given the power ratios, Britain's immediate goal was to buy time and to delay the coming war until the country was better prepared in terms of military capability and alliances to balance against Germany.

Randall Schweller argues in *Deadly Imbalances* that Britain distanced itself from Europe during much of the 1930s. Schweller differentiates between revisionist and status quo states, and between poles and lesser great powers (LGP). Prior to 1939, the relative power ratios favored the revisionist alliance of Germany, Italy, and Japan. Britain (status quo, LGB) and France (status quo, LGB) calculated that they possessed less capabilities and could not combine to defeat Germany (revisionist, pole), and London distanced itself from France to reduce the likelihood that it would be targeted too or dragged into a Franco-German war that it could not win. As British and French leaders calculated that their rearmament programs had narrowed the power gap with Germany, and London believed that it, and not France, was the more likely target, Britain engaged in counterbalancing, drawing both closer to France and committing to the Continent.

These systemic imperative arguments are wrong on one count – Neville Chamberlain's targeted balancing strategy meant that London balanced in some areas, mainly against the air component of Germany and the naval component of Germany and Japan, and buck-passed in other areas, such as against the land component of Germany, and the land and air component of Japan. Britain's targeted balancing strategy is masked by aggregate military spending data: in 1937–38, Britain spent 5.1 per cent of its GNP on defense (Germany spent 9.6 per cent) and in 1938–39, Britain spent 8.9 per cent (Germany spent 18.1 per cent); or the scale and pace of British expenditure on defense (£137.0 million in 1935, £397.4 million in 1938, £719.0 million in 1939, £2,600 million in 1940) and German (£480 RM million in 1935,

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17,240 in 1938, 38,000 in 1939, 55,900 in 1940).\textsuperscript{42} British spending was concentrated in the air and the naval components of power (with British aircraft production overtaking German in 1940), while German spending was spread across three branches, and especially on its land component of power.

\textbf{Defence Requirements Sub-Committee}

In 1933, the British Cabinet created the Defence Requirements Sub-Committee (DRC) which was charged with remedying, by 1939, the 'worst deficiencies' in the defense services that disarmament and the Ten Year Rule had caused, while a longer period, perhaps until 1942, would be necessary to address all military deficiencies. Between 1934 and 1935, the DRC issued three reports identifying foreign threats, setting a time-frame for British rearmament, and outlining a rearmament program.\textsuperscript{43} The DRC proposed a balanced rearmament program across the three military Services and across foreign commitments including Imperial Defence, arguing that it would "provide the optimal security". The DRC 'expressed the belief that 'if real security were to be assured, all the services should be strengthened'.\textsuperscript{44} Moreover, the Chiefs of Staff (COS) argued that 'war would have to be waged in all three elements, and that each of the three Services would have an essential part to play in the combined military effort of the nation'.\textsuperscript{45} This strategy involved balancing against all possible threats, preparing for a range of contingencies and the 'flexibility of response', and a balanced 'expansion of the three services' that would include funding, equally divided among the three branches, rather than 'committing the nation's resources to one branch of defence'.\textsuperscript{46}

Neville Chamberlain, as Chancellor of the Exchequer (1931–37) and later as Prime Minister (1937–40), opposed the DRC's balanced rearmament program and instead favored a targeted balancing strategy that identified the most probable threats and the most threatening components of foreign power: the German Luftwaffe and the threat of a...
knock-out air assault against the homeland, Japan’s Imperial Navy and its threat to Britain’s commercial trade routes and the Dominions in East Asia, and the Italian Navy and the threat to Britain’s line of communication through the Mediterranean.\(^{47}\) This targeted balancing strategy meant favoring the Royal Air Force and the Royal Navy over the Army, and state intervention in the economy to direct labor and capital to aircraft production and away from production for a land Army. British annual expenditure on rearmament reflected these ranked priorities: In 1938, Air Force expenditure was £66 million, Navy was £63.2 million, and Army was £44.3 million; in 1939, Air Force expenditure was £109.9 million, Navy was £82.9 million, and Army was £67.6 million.\(^{48}\)

Given Britain’s domestic financial limitations, all other threats were downgraded and treated as secondary in terms of Britain’s rearmament priorities. Chamberlain downgraded the threat from the naval, army, and land components of Germany (until late 1938), and the army and land components of Japan, and Italy, at least in the initial stages of the war. Moreover, London directed capital and labor away from rearmament against these less immediate threats. Of course, other states, given their strategic interests, viewed these same components of power as more threatening, allowing Britain to pass the buck in these instances and to assure that other states would catch it.

**Royal Air Force (RAF)**

With the advent of bombers, the Royal Navy alone could no longer defend the United Kingdom. For Neville Chamberlain, Warren Fisher (Permanent Secretary of the Treasury, 1919–39), John Simon (Chancellor of the Exchequer, 1937–40), Thomas Inskip (Minister for the Coordination of Defense, 1936–39), among others, the RAF was viewed as the most cost-effective deterrent against an offensive German air attack, and its programs were approved and expanded by the Cabinet. In 1937, reflecting the greater clarity of the nature of the German threat, the Review of Defence Expenditure (conducted after Chamberlain became Prime Minister) gave priority to fighters and defense over a bomber force and a counter-offensive strategy, and both over the Fleet Air Arm and all aircraft stationed overseas.\(^{49}\)


\(^{48}\)For defense spending across the three military Services, see Mark Thomas, ‘Rearmament and Economic Recovery in the Late 1930s’, *Economic History Review*, 36/4 (Nov. 1983), 554.

\(^{49}\)Neville, *Hitler and Appeasement*. 
Concentration on fighters was possible due to: the advent of radar, and the Chain Home radar system which allowed fighters to find and confront an enemy’s attacking bombers; technological advances in a new generation of fighter planes which allowed for an effective physical defense against air attacks rather than deterrence via the threat of counter-offensive bombers; and the development of a ‘sophisticated intelligence management system’ under Fighter Command. In the worst case scenario, once the nation survived, Britain could shift the focus to counter-offensive bombers and a Continental role. Finally, still in a less restrictive mind-set, for Chamberlain the emphasis on fighters to secure the home front would ‘not be so expensive as to call into question Britain’s capacity to mount a long war’.

London’s peacetime increase in aircraft production, especially beginning in the summer of 1938, was possible due to government, labor, and private sector cooperation to quickly narrow the gap in the air component of German power – policies that Chamberlain had opposed in the early- and mid-1930s. For 1939, total additions of military aircraft (minus transports) meant that British output was ‘somewhat’ higher than the German. Not only did Britain increase its production, but also its quality, reserve capacity, and the extent of squadrons with modern Spitfires and Hurricanes. The RAF was the first among the Services to break out of the traditional peacetime restraints on production or business as usual and to enter into wartime conditions of supply. This was highly controversial because it required government interference with industry. Specifically, in 1937, aircraft production Scheme J called for the need to compel firms to permit the transference of their skilled labor to the aircraft industry. Furthermore, Lord Swinton, Secretary of State for Air, and his Air Ministry argued for compulsion of labor to increase the production of planes by requiring labor to operate on a double shift basis. By 1938, while Britain had created sufficient plant

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51Smith, ‘Rearmament and Deterrence’, 330.
52M. M. Postan, British War Production (London: Her Majesty’s Stationery Office 1952), 66–9.
53Postan, British War Production, 471–3.
54Gibbs, Grand Strategy, 532.
55Shay, British Rearmament, 206; Dunbabin, ‘British Rearmament’, 600; Gibbs, Grand Strategy, 303.
56Dunbabin, ‘British Rearmament’ 600.
capacity to accelerate aircraft production there were complaints that it lacked the necessary skilled labor. The aircraft industry competed with the domestic consumer boom of the 1930s and the expanding defense services for the limited supply of skilled labor. This was a problem that could be solved by diluting the skilled labor force, extensive subcontracting, de-skilling, and night shift working – and opposed by the Labour Party. Balancing against the German air threat required that the National Government bring labor into consultation. The government was able to cooperate with organized labor (Trades Union Congress or TUC) to shift large numbers of skilled workers into the defense industry without causing widespread labor unrest and without resorting to compulsion, which would promote labor unrest, or costly outright competition between the civilian and defense sectors. The TUC permitted the training of greater numbers of workers in certain highly skilled jobs, a practice known as dilution, which they would normally have resisted. They also allowed the breaking down of some skilled jobs into several less skilled operations, a process known as de-skilling, which permitted the industry to increase its output without increasing its demand for skilled labor. Moreover, to encourage civilian engineering firms to enter the armaments industry, field contracts were placed on a longer term basis, extending beyond a single financial year. Finally, the government also expanded military capacity and reserve by the creation of shadow factories and by steering certain contracts to depressed areas.

Royal Navy

Naval expansion was legally restrained by the restrictions of the Washington and London Naval Treaties until 1937, and then after 1937 by limitations in industrial capacity. Reflecting the threats to British trade, the Admiralty was able to lay down nearly all of the major fleet units it planned from 1936 to 1939 for the New Standard,

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Shay, British Rerarmament, 209.

Peden, British Rerarmament, 40.

Dunbabin, 'British Rerarmament', 598; Smith, 'Planning and Building'.

though primarily after 1938, in terms of capital ships and cruisers to protect Atlantic trade. Until 1936, the Admiralty had enjoyed preeminence among the three Services, leaving it with fewer shortages than the other branches, and fewer problems with production and new industrial capacity. By 1939, the Royal Navy exceeded the size of any other fleet in capital ships, destroyers, and cruisers, had an equal number of aircraft carriers to Japan (both had six, while Germany had none), and was surpassed only in submarines by Germany and Japan. Moreover, Britain possessed the world’s largest naval building capacity. Finally, it was recognized that German naval expansion was limited by the capacity of shipyards and a shortage of skilled labor.

The decision to focus rearmament against the threat of German air power meant that the Royal Navy took second place and the British ‘declined to build a genuine two-ocean navy’. One concern was to ensure that the Admiralty did not divert resources away from the RAF. Moreover, seapower was viewed as a long-term weapon and in the more restrictive environment of the late 1930s, British leaders felt pressure to make inter-temporal tradeoffs in favor of primary defense and deterrence rather than secondary defense and deterrence. As Malcolm Smith notes, ‘Sea power in its offensive capacity, as a blockade weapon, could only succeed in a long war but it was the basic Fascist strategy that wars of conquest should be short.”

By the mid-1930s, the Royal Navy was directed increasingly against Germany and its trade-destroying pocket battleships, a naval blockade of German ports, and the defense of trade routes, and away from fighting two major naval enemies at once. Moreover, as the threat from improving relations between Germany and Italy (and their fleets) became clearer, the estimated time for the arrival of the fleet in Singapore rose from 28 days to 70 days to 90 days in 1939, with the defense of the Atlantic and the Mediterranean taking precedence over the Far East.

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64 Peden (*British Rammament*, 161–7) argues that the Navy had been quite successful in building towards the New Standard, despite Treasury control.

65 For a comparison of British Empire, France, Germany, Italy, Anglo-French, and German-Italian-Japanese fleet strengths in April 1939, see Gibbs, *Grand Strategy*, Table 11, 432; Overy, *Road to War*, 320.


68 Smith, *Rammament and Deterrence*, 320.

By 1939, with war imminent in Europe and Berlin's denunciation of the Anglo-German Naval Agreement (June 1939), Chamberlain made the hard choice of reducing the commitment to Imperial Defence; the Chiefs of Staff ruled that only two capital ships could be spared rather than dispatching the main fleet for Singapore. This was significant because London needed the Empire for its long-term economic strength. By not protecting the trade routes in East Asia, London was choosing to focus on immediate survival.  

The Army  

Chamberlain's targeted balancing strategy reduced the Army to the lowest priority of the three Services and preparation for a Continental Commitment was the lowest priority among the Army's responsibilities. In 1937, the Army abandoned its Continental Commitment and prepared for anti-aircraft defense of the UK, imperial policing, and fighting small wars rather than Continental wars. Until 1938 and the 29 September Munich Agreement, Britain passed the buck of balancing against the German Army to France, which had one of the best armies in Europe and the Maginot Line of defense. Thus, the land threat was viewed as secondary and the British Army was viewed as a third line of defense which had a lower priority than either air or naval power.  

Moreover, a Continental army was expensive. For Chamberlain, the Treasury, and Inskipp, the arming of a Field Force would cause economic dislocation by diverting manpower from production for civilian industry (which was necessary to earn foreign exchange to pay for rearmament) and from production for the Royal Air Force and the Royal Navy. This was compounded by the lack of spare industrial capacity and skilled labor to produce the equipment for the Field Force and the Territorial Army. According to Chamberlain, the retreat from a Continental commitment meant that the Army had 'not been cut but merely delayed beyond the DRCs' original time-frame because after surviving the initial German onslaught, Britain might have to commit an army to the Continent. Finally, beginning in 1936, the outbreak of civil disturbances in Palestine required between 18 and 22 battalions.

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70Smith, "Rearmament and Deterrence", 319.  
72Foden, "Warren Fisher", 42.  
73Selh, Neville Chamberlain, 239.  
74Levy, Appeasement, 64. The opposition countered that lacking a well-equipped land-army, France and Belgium would doubt Britain's commitment to their defense. Strang, "Ideology and British Appeasement", 489.
In late 1938, following the Munich Agreement, there was growing pressure on London for a larger Continental Commitment. For Paris, the Munich Agreement meant the loss of 36 Czech divisions and fortifications, the collapse of the Little Entente, and the removal of the threat to Berlin of a two-front war. As Paris reappraised its military's capability, London feared that the 'much-vaulted Maginot Line might be over-run or turned and that the United Kingdom might be confronted with the German land, air and naval forces securely established across the Channel'. There was even concern that France might bandwagon with Germany if 'the British did not do something drastic and dramatic'. In response, London retreated from its limited liability doctrine that rested on a naval and air contribution alone to a European war, and restored the Army's Continental role to its pre-1938 commitment. This initial step was little more than a gesture because Britain lacked the necessary industrial capacity to produce the weapons to equip the Field Force.

In the spring of 1939, the German invasion of the rump of Czechoslovakia meant that London could no longer buck pass to France on this increasingly threatening component of German power. Chamberlain expanded the Army's Continental role and introduced compulsory military service to create a full-scale Continental army of 32 divisions. The Cabinet also approved increases in the industrial capacity and the reserves of equipment to field the Army within 12 months after the outbreak of war, though it would take much longer because Britain lacked the industrial plant. Further retreating from business as usual, the Cabinet approved giving munitions production for the Army priority over trade, as the Air Force had established in 1938. The Royal Ordnance Factories were also coming online in 1939 further reducing delays in preparing the Field Force for the Continent. Finally, the Anglo-French staff talks were raised from low level to 'tantamount to an alliance'.

**Government Intervention and the Shadow Factory Scheme**

In the nineteenth and twentieth centuries British leaders believed that an important component of British power was its strong economy,

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75 Hancock and Gowing, *British War Economy*, 67.
77 Peden (British Rearmament, 172) notes that after 1935, even the Army was unable to spend its entire allocation because of manufacturing delays and bottlenecks. Howard, *British Military Preparations*, 115.
78 Peden *British Rearmament*, 176.
known as the fourth arm of defense. The assumption was that Britain’s superior war potential would deter a rising challenger because any conflict would become a costly and protracted long war of attrition, which Britain would win.\[^{80}\] During the early to mid-1930s, it was held that Britain had to safeguard its long term fiscal strength, for if the emerging challengers detected a strain in Britain’s economy, they would no longer be deterred by the prospect of a war becoming a prolonged war.\[^{81}\] As Sir Thomas Inskip argued, ‘nothing operates more strong to deter a potential aggressor from attacking this country than our stability, but if other countries were to detect in us serious signs of strain, this deterrent would at once be lost’.\[^{82}\]

As war became more probable and the threats clearer, Chamberlain was pushed to favor short-term military security over conserving resources in the preparation for a long war. In 1937, Chamberlain abandoned his previous opposition to a Defense Loan of £400 million (the maximum to be borrowed over the next five years) which was amended in 1939 to £800 million, departed from business as usual, supported state intervention in the private sector to increase the pace of rearmament, and retreated from both Treasury control over defense expenditure and the rationing of finances for rearmament.

Britain’s business as usual governed all production and supply aspects of rearmament and meant ‘no direction of labour, no priority for defence orders, no allocation of essential materials on short supply’.\[^{83}\] By 1937, official opinion began to crystallize against the policy of business as usual. As noted above, the Air Staff was the first of the Services to call for the deliberate interference with normal business methods. After Germany occupied Austria in March 1938, the Treasury backed away from the rationing of finance and the Cabinet cancelled the rule that rearmament should not interfere with normal civil industry and the course of normal trade.\[^{84}\]

The focus on aggregate capability in balance of power and balance of threat theories obscures that British leaders balanced against the most threatening components of Germany, Japan, and Italy’s power: the German Luftwaffe and the threat of a knock-out air assault against the homeland, Japan’s Imperial Navy and its threat to Britain’s commercial trade routes and the Dominions in East Asia, and the Italian Navy and

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\[^{81}\] Peccen, British Rearmament, 65.

\[^{82}\] Gibbs, Grand Strategy, 289.

\[^{83}\] Gibbs, Grand Strategy, 275–6.

\[^{84}\] Dunbabin, ‘British Rearmament’, 601.
the threat to Britain's line of communication through the Mediterranean Sea. All other components of power, such as the army and the land components of Germany, Japan, and Italy were ranked as secondary in terms of its rearmament priorities and London passed the buck of balancing in these instances. By directing capital, labor, and plant to aircraft production and its battlefleet and away from the Army, London was able to narrow the gap and surpass Berlin in these specific components of power of strategic importance.

Conclusion

According to the Global Trends 2025 report, in the next 15 years 'The international system will be a global multipolar one ... Historically, emerging multipolar systems have been more unstable than bipolar or unipolar ones ... Although the United States is likely to remain the single most powerful actor, the United States' relative strength—even in the military realm—will decline and US leverage will become more constrained ... China is poised to have more impact on the world over the next 20 years than any other country. If current trends persist, by 2025 China will have the world's second largest economy and will be a leading military power.' The problem with this statement is that states rarely are threatened by aggregate shifts in the balance of power or balance of threat, and states rarely balance against gross shifts in power. Instead, leaders tasked with making foreign security policy define threats based on particular elements of a foreign state’s power. Whether China is viewed as a threat is a function of which components or elements of its power are increasing and whether they threaten important American geo-strategic interests. The import is that net shifts in China’s power alone will not threaten other states equally and therefore could fail to provoke counterbalancing behavior.

This article challenges the conventional wisdom that during the 1930s Chamberlain and the other Guilty Men rejected the British tradition of balance of power. London balanced against specific components of Germany, Japan, and Italy's power that threatened vital interests rather than net shifts in the balance of power. Specifically, London balanced against the air component of Germany, first through the buildup of the deterrent bomber force and later through the development of the defensive Fighter Command, and against the naval components of Japan and Italy's power. By 1939, greater clarity led London to restore its Continental army and to retreat from dispatching the bulk of the fleet to Singapore to focus on protecting trade in the Atlantic and Eastern Mediterranean. Retreat from business as usual allowed London to direct

\(^{85}\)Global Trends, vi.
resources, skilled labor, plant, and tools to rearm against the most
threatening components of German and Japanese power.

Chamberlain downgraded all other threats and treated them as
secondary in terms of Britain's rearmament priorities. Britain was less
threatened by the army and land components of Germany, Japan, and
Italy, at least in the initial stages of the war, and therefore buck-passed
to France and Russia rather than balanced against these specific
components of power until 1939. Thus, Britain was able to narrow the
gap with Berlin in particular components of power of vital importance
such as aircraft production or to exceed Germany in areas such as the
Royal Navy and its battlefleet. 86

Related to Britain's targeted rearmament strategy in the 1930s, the
arms agreements that London negotiated or sought to negotiate also
reflected the concern over the air component of German power and the
naval component of Japanese power. To slow Germany's naval buildup,
Britain negotiated the 1935 Anglo-German Naval Agreement. 87 British
leaders believed that bilateral Anglo-German negotiations would move
from naval matters to the more urgent issue of air power and a
multilateral Air Pact (Britain, France, and Germany based on parity)
directed against surprise aerial bombardment. Between 1934 and 1938,
Britain initiated several attempts to conclude an air pact with
Germany. 88 To curb Japan's naval rearmament, Chamberlain and his
supporters favored the Washington and London Naval Agreements.
Until the rise of the Italian naval threat, the ratios would permit the
Admiralty to send a fleet to the Far East while keeping a one-power
standard against the next largest European navy. 89

The import for international relations theory of focusing on shifts in
components of power rather than shifts in the balance of power is
fourfold.

First, different components of power are perceived as threatening by
leaders in other states depending on whether they challenge strategic
interests, and hence aggregate shifts in power may not provoke
counterbalancing behavior. Thus, even during high security compiti-
tion, real shifts in the balance of power may fail to have an impact
because the increasing component of power does not threaten the
strategic interests of the other major powers.

86 Levy, Appeasement; Neville, Hitler and Appeasement.
87 Hines H. Hall, III, 'The Foreign Policy-Making Process in Britain, 1934—1935, and
the Origins of the Anglo-German Naval Agreement', The Historical Journal 19/2 (June
88 Smith, ‘Rearmament and Deterrence’, 327.
89 Paul M. Kennedy, The Rise and Fall of British Naval Mastery (London: Allen Lane
1976), 341.
Second, states rarely either balance or backpass in totality, but instead states balance against the more threatening components of power and buck-pass against the less threatening components.

Third, the prevalence of under-balancing and pathological balancing behavior might be overstated. By assuming that states balance against net shifts in power one might miss that states are balancing against components of power of foreign states that threaten vital geo-strategic interests.

Fourth, it is possible to extend the disaggregation of power to the security environment — that is, security competition in the international system could be low (or high) while competition in a specific region could be high (or low). In this manner, security competition would include the system, the region, and the environment of a particular state.

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