

American Foreign Policy Between the World Wars



I. Economic Pressures

A. Many European nations urged the U.S. to forgive the huge reparation debts they had accumulated during World War I.

1. Germany paid some of its reparations (\$33 billion), but fell behind in payments.
2. American banks and investors loaned millions to Germany to help keep it solvent.
3. Finally, Allies paid back only \$2.6 billion out of over \$14 billion owed to the U.S. They defaulted on the rest.

B. American economic influence expanded during World War I. By 1929, the U.S.

1. Produced one-half of the world's industrial goods
2. Led the world in exports (\$5.4 billion)
3. Private investment in overseas ventures increased 500%.

C. Many Europeans saw American economic expansion as a form of imperialism and resented the fact that America did not share in the devastation of Europe (60,000,000 casualties from war, epidemic, and famine)

II. International Disarmament and Peace Efforts

A. Washington Naval Conference (1921) set a ratio of naval tonnage among the five leading naval nations in an attempt to limit naval armaments. Participants also agreed not to build new bases in the Pacific.

B. Kellogg-Briand Pact (1928) signers--62 nations--agreed to renounce war as a solution for international disputes.

III. Good Neighbor Policy--Latin America

A. FDR adopted policies that reduced American domination of Latin American diplomatic affairs while still providing economic assistance and greatly increased American popularity in the region.

B. American investment in Latin America grew from \$1.3 billion in 1914 to \$3.5 billion in 1929. American exports also increased substantially.

C. U.S.-trained national guards helped protect pro-American leaders, several of whom were dictators.

D. Pan-Americanism. Under FDR's direction, Americans endorsed nonintervention in Latin American affairs in the 1930s. This was a rejection of Uncle Theodore's Roosevelt Corollary and increased support from Latin American nations.

IV. Rise of Totalitarianism

A. Hitler was invited to join the German government as chancellor in 1933. He quickly consolidated power and ruled as a dictator, proclaiming the racial superiority of Aryans ("pure" Germans), the need for *lebensraum*, and anti-Semitism

1. Germany's military was rebuilt in defiance of the Treaty of Versailles

2. Civil liberties were restricted for many, with Jews facing particularly drastic new rules that attempted to reduce Jewish influence.

3. German expansion into neighboring areas began with a retaking of the Rhineland (a French-controlled region) in 1936 and the annexation of Austria in 1938.

4. France and Britain appeased Hitler at Munich in 1938 by agreeing not to oppose Germany's seizure of German-speaking region of Czechoslovakia. British Prime Minister Chamberlain proclaimed that this ensured "peace in our time."

B. Mussolini seized power in Italy as the leader of the Fascist Party in the 1920s and began expanding militarily in the 1930s with attacks on Ethiopia in 1935. When the League of Nations protested, Italy resigned and joined Germany in the Axis alliance.

C. A civil war in Spain in 1936-7 pitted Fascist forces led by Franco and supported by Italy and Germany versus Republicans favoring the existing government, which was a moderate constitutional monarchy. Some Americans (Abraham Lincoln Brigade) supported the Republican cause, but America officially remained neutral.

D. Japan, led by increasingly influential military factions, seized Manchuria in 1931 and northern China in 1937.

1. FDR responded by calling for a "quarantine" of aggressors like Japan but was criticized extensively by Americans fearful of possible entanglements

2. Japanese planes sank the American gunboat *Panay* on the Yangtze River in 1937, a deliberate attack. Once again, American isolationist sentiment pressured the U.S. to accept the Japanese explanation that this was an accident.

IV. Growth of American Neutrality

A. Many Americans in Congress and the nation opposed any American involvement in international crises.

1. Nye Committee investigated profiteering by American bankers and industrialists in World War I that helped pressure Wilson to protect loans overseas.

2. U.S. refused to join the World Court in 1935

3. Neutrality Acts from 1935-1937 attempted to prevent U.S. involvement in international disputes by restricting arms sales and establishing a "cash-and-carry" policy in which belligerents could only purchase nonmilitary goods, pay cash, and use their own ships.

B. After Hitler invaded Poland in 1939 and Germany and France declared war, FDR declared that the U.S. would remain neutral in action, but made it clear that he favored the Allied cause.

1. He asked for a relaxation of Neutrality Act restrictions to allow war materiel to be purchased by Allied forces on a cash-and-carry basis

2. Old American ships were traded to the British in exchange for the right to build military bases on British territory

C. America-First Committee urged strict American neutrality as Europe sank into war.

D. Neutrality was abandoned by the U.S. in 1940 with lend-lease policies that gave FDR permission to give arms to the Allies.