1. Introduction

Recent political science research shows that the British policy of appeasement towards Nazi Germany followed a buying-time logic, striving to postpone confrontation until Great Britain had made enough progress on rearmament. As I demonstrate in this chapter, however, Germany actually extended its military edge in the relevant period. Drawing on the literature on judgment and decision-making, I theorize that competition neglect—the tendency to focus myopically on one’s own capabilities and pay insufficient attention to those of the competition—may explain the puzzling gap between British policymakers’ plans and actual trends in the balance of power. I test my argument and an alternative explanation, positing the occurrence of miscalculation, with a case study of British foreign policy towards Germany in 1937–38. The empirical evidence corroborates the competition neglect thesis, while failing to provide support for miscalculation.

2. The appeasement puzzle

Conventional wisdom holds that Great Britain’s appeasement policy towards Germany in the 1930s—a series of concessions, from rearmament to the remilitarization of Rhineland, Austria’s annexation, and Czechoslovakia’s dismemberment—resulted from British pusillanimity, naiveté about Hitler’s intentions, or strategic ineptitude. Appeasement whetted Hitler’s appetite and invited fur-
ther Nazi aggression, while a firm stance, backed up by vigorous rearmament, would have deterred Hitler, prompted his overthrow by domestic opponents, or enabled a quicker and cheaper allied victory. This view of British appeasement extends far beyond the large body of historiographical and political science research in which it has been articulated,¹ as indicated by the fact that the “lessons of Munich”—i.e., the futility of appeasing an aggressor—hold sway over the US public and policymakers.²

Drawing on revisionist historiography, recent political science research challenged this deeply rooted conventional wisdom, arguing that sound strategic logic underpinned British decisionmaking in the 1930s.³ In a series of studies, Ripsman and Levy (2007; 2008; 2012) make a powerful case that British appeasement followed a buying-time logic. Rather than reflecting unwarranted optimism about the limited nature of Hitler’s ambitions, concessions were driven by a keen appreciation of British weakness. According to these authors, British policymakers believed, however, that with a major rearmament effort the military imbalance could be corrected by the late 1930s. British leaders appeased Germany as a means of buying time for rearmament, thus delaying the likely confrontation until Britain was adequately prepared for war (Ripsman and Levy 2008, 150–51).

Layne (2008) argues that Neville Chamberlain, the chief architect of British appeasement, followed a somewhat different buying-time logic. Conscious of financial constraints and limited alliance options, Chamberlain opted for a gradual expansion of British airpower capabilities, which, coupled with Britain’s existing naval superiority, would constitute a formidable deterrent. This deterrence strategy combined elements of punishment and denial: strategic bombing would inflict unacceptable damage on Germany, while British air defenses would deny a German “knockout blow,” making a long war, in which the British empire had a clear advantage, inevitable. As Layne (2008, 413) summarizes Chamberlain’s thinking,

he believed that Britain’s military build-up would reach a point where Germany would be dissuaded from going to war and instead would negotiate. Until then, Britain needed to buy time so it could become strong enough to avoid war, not to fight one.

Layne (2008) and Ripsman and Levy (2008) disagree about the primary goals of British policy towards Germany: war avoidance for Layne, preparation

¹ Churchill’s (1948) historical work has had an inordinate impact on the literature. Among important political science studies envisioning appeasement as strategically irrational, see Kier 1997; Kupchan 1994; and Schweller 2006.
² For supporting citations on the influence of the lessons of appeasement, see Ripsman and Levy 2008, 148n.
³ For an overview of early revisionist scholarship, see Watt 1976.
for unavoidable war for the other two. In this chapter, I do not attempt to adjudicate between their perspectives. Rather, I take as my starting point a key element they have in common. Both perspectives envision British policymakers as striving to buy time to beef up their country’s military capabilities. Chamberlain articulated his views about the importance of building military power to deal with the German threat in both public pronouncements and private correspondence with his sisters. The consistency of his message across channels of communication suggests that the buying-time talk was not a mere attempt to defuse criticism from foreign policy hawks and to sell a policy of unilateral concessions driven by hope of satisfying Hitler’s grievances.

Though the evidence of a British buying time marshalled by Layne and Ripsman and Levy is strong, it gives rise to a puzzle when juxtaposed with evidence of a growing German power advantage in the second half of the 1930s. Using the Correlates of War project’s capability index, which combines indicators of military, industrial, and demographic power, Schweller (1998, 31) showed that Germany had already surpassed Great Britain by 1934: Germany held 14% of the capabilities of all great powers combined, while the British share was 9.5%. The German edge grew substantially over the following years, with Germany wielding 24% of all great powers’ capabilities, compared to Britain’s 13% by 1939. Thus, in the years 1934–39, as Britain tried to gain strength by buying time, the German share of great power capabilities grew more than twice as fast as the British share, 72% growth rate compared to 34%.4

Other scholars argued that 1938 was the key turning point in the European balance of power, as it marked the closing of the window of opportunity for a British and French victory against Germany without Soviet and US support. In particular, Murray (1984) strongly argued that a war in defense of Czechoslovakia in the fall of 1938 (instead of the actual Munich capitulation) would have resulted in a much more favorable outcome for Great Britain and France than war to aid Poland in the fall of 1939.5 In 1938, Czech defenders would have inflicted on German forces much more significant losses than the Poles did in 1939, owing to Czechoslovakia’s mountainous terrain and system of fortifications (Murray 1984, 222–34, 322–26).6 On the Western front, French numerical superiority shrank by half from 1938 to 1939.7 A French offensive in 1938 (unlikely as it was)

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4 The picture is substantively unaltered if one considers Great Britain’s ally France. In 1934, the combined power of France and Britain (19% of all great power capabilities) exceeded Germany’s, even though Germany was superior to both individually. However, in 1939 the German share of global power (24%) was markedly higher than the joint Anglo-French share (18.5%).

5 Other authors suggesting that Hitler’s opponents would have been militarily better off fighting in 1938 include Taylor 1979, ch. 33; Rosecrance and Steiner 1993, 128; and Adamthwaite 1977, 159–60.

6 For a similar observation see Taylor 1979, 985.

7 The ratio of French to German divisions on the Western front went from 5–1 to 2.5–1 (Mason 1963, 548; Murray 1984, 240). With the introduction of 32 new divisions between
would not have been hindered by the German defensive system known as the Westwall, which was still at an early stage of construction in 1938 but would be virtually complete by the time of war with Poland (Murray 1984, 239–40, 350). France’s defensive position also deteriorated as the number of German panzer divisions, which would prove decisive in the 1940 blitzkrieg, expanded from three to six, while similar units remained absent on the allied side.  

Trends in naval and air capabilities reveal a similar picture. While at the outbreak of WWII Great Britain remained Europe’s strongest naval power, Germany’s inferiority at sea was even more marked in 1938 (Murray 1984, 243).  

British and German air forces were comparably unprepared for war at the time of the Munich crisis; in the following year, both made significant improvements in training, support services, and equipment quality, but the Luftwaffe’s faster growth rate widened the German numerical lead (Murray 1984, 245–53).  

Crucially, the nightmare scenario for British policymakers—a German strategic bombing campaign—would have been particularly unlikely to materialize in case of war in 1938 for two reasons. First, Germany would not have started strategic bombing while its ground forces were still engaged on the Eastern and Western fronts, as German doctrine prioritized a supporting role for airpower over an independent one. Second, Germany would have been unable to sustain strategic bombing without the conquest of France or Belgium, given the limited range of the German BF109 fighters and the extreme vulnerability of unescorted bombers.  

Thus, strategic bombing of the British Isles would have required a decisive German victory on the Western front, which would have been much less likely in 1938 than when war actually broke out.

Importantly, the unchallenged absorption of Czechoslovakia’s raw materials, huge stocks of armaments, and thriving military industry enabled the ensuing Spring 1938 and Summer 1939, Germany reached parity with France in terms of overall numbers of divisions, erasing the 1.4–1 French advantage (Mearsheimer 2001, 319). The expansion of the British expeditionary force from 2 to 4 divisions did little to mitigate the shift in Germany’s favor.

8 Similarly, Taylor (1979, 986) concluded his discussion of qualitative and quantitative improvements in the British and French armies between 1938 and 1939 by noting that the “modest advances in Anglo-French strength on the ground paled in comparison to the strides made by the German Army.”

9 As Taylor (1979, 985–86) noted, even though both British and German naval capabilities expanded in the year after Munich, Great Britain’s “superiority, especially in submarines, was substantially greater in 1938 than 1939.”

10 Combining data from Murray (1984, 247–49) and Gibbs (1976, 598–99) on the total number of British and German military aircraft in October 1938 and September 1939 reveals a growth rate of 179% and 91% for the Luftwaffe and the RAF, respectively. If we focus on the sum of German bombers and fighters, on the one hand, and British fighters, on the other, given that British bombers played a limited role in the Battle for Britain (Posen 1984, 95), the corresponding growth rates are 235% and 129%.

11 After the capture of the Pas de Calais in 1940, fighters could barely escort bombers over London, leaving British territory north of the capital virtually beyond the reach of German airpower (Murray 1984, 248).
rapid growth of Germany’s military capabilities, relaxed the raw materials and economic constraints on its ability to fight a long war, and provided a stepping-
stone for further German access to Eastern and Southern European resources. By contrast, a war over Czechoslovakia would have likely destroyed its arms stockpiles and possibly damaged its military industry, in addition to bringing about substantial German losses on the ground and in the air (Murray 1986, 256–61, 281, 290–94). Without the knockout blow on France made possible by developments following the takeover of Czechoslovakia, war in 1938 would have likely taken the form of a WWI-style war of attrition, in which Great Britain and France could have brought to bear their superiority in size of ground and naval forces as well in economic resources. As Murray (1984, 263) concluded about the outcome of a possible military confrontation in the fall of 1938, the war against Germany would not have been easy, nor would it have been quickly won. But the results would have been inevitable and would have led to the eventual collapse of the Nazi regime at considerably less cost than the war that broke out the following September.

Thus, regardless of the specific approach to measuring the balance of power one focuses on, it is hard to escape the conclusion that appeasement led to a stark deterioration of the British position relative to Germany, even though appeasement architects envisioned it as way to buy time to improve their country’s military position. What explains this puzzling gap between British expectations and reality?

3. Theoretical solutions to the appeasement puzzle

I propose a theoretical solution to the appeasement puzzle centered around competition neglect, the well-documented tendency to concentrate myopically on one’s own capabilities and pay insufficient attention to those of competitors. I also present an alternative solution, according to which British policymakers simply miscalculated. The miscalculation argument envisions British leaders as asking the right question about the balance of power over time but reaching the wrong conclusion. The competition neglect argument, instead, posits that British policymakers answered the wrong question, focusing on the absolute, rather than relative, future military readiness of their country.

From a logical standpoint, an actor can be said to be pursuing a buying-time strategy if it engages in a dyadic assessment of the balance of power at distinct points in time. In other words, buying-time thinking entails asking, and then

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12 On the improvement of Germany’s ability to fight a long war deriving from its unchallenged takeover of Czechoslovakia, see also Taylor 1979, 986. When war came, Germany was better prepared for a long war than Great Britain, whose financial resources would have allowed it to continue fighting only until March 1941 without the US Land-Lease (Rosecrance and Steiner 1993, 135–38).

13 This assessment requires information about (1) the balance of power between side A and side B at t1, based on estimates of the power of both sides at that time, and (2) the balance of
answering in the affirmative, the question: Will my side’s military position relative to the other side be better in the future than it is now? Miscalculation occurs when an affirmative answer turns out to be wrong, that is, when the actor’s expectations about a future shift of the balance of power in its favor and actual trends in relative military capabilities diverge. Mearsheimer’s (2001, 165) interpretation of the Czechoslovak crisis is consistent with the miscalculation argument. According to Mearsheimer,

the United Kingdom allowed the Sudetenland to be absorbed by Nazi Germany, in part because British policymakers believed that the... balance of power favored the Third Reich but that it would shift in favor of the United Kingdom and France over time. In fact, the balance of power shifted against the Allies after Munich: they probably would have been better off going to war against Germany in 1938 over Czechoslovakia rather than over Poland in 1939.

Policymakers may miscalculate because of their reliance on inaccurate estimates of the balance of power provided by intelligence agencies. Miscalculation may also result from a mismatch between a highly complex world and policymakers’ imperfect analytical abilities. For example, policymakers may fail to appreciate the revolutionary military implications of untested technological or tactical-operational innovations, either because of inherent unpredictability or limited imagination. Furthermore, miscalculation may be driven by motivated biases, which could prompt policymakers to shield themselves from psychic pain by ignoring, dismissing, or downplaying information suggesting a future deterioration of their country’s military position relative to an adversary. Therefore, miscalculation, as conceptualized here, can occur regardless of whether policymakers meet broad standards of rationality in information gathering and processing. Miscalculation as a possible solution to the appeasement puzzle only requires that British policymakers grappled with the right question about the dyadic balance of power over time—will we be in a better military position relative to Germany down the road than we are now?—while not specifying the reasons why their answer turned out to be wrong.

power between side A and side B at t2, based on estimates about the future power of both sides. For simplicity’s sake, I assume two sides, though not necessarily only two actors, given that the sides may be multi-actor coalitions. The logic of assessing relative power over time applies to conflict with more than two sides. In a scenario with three sides, for example, side A would assess its power relative to side B and relative to side C now and in the future.

I conceptualize an actor’s gathering and processing of information as broadly rational if detached, independent analysts would tend to consider them as normal and reasonable. For example, given that information gathering and processing are costly activities, policymakers should not be faulted for setting limits on the amount of time and resources allocated to them and for refusing to continuously reassess their beliefs in response to every bit of new information. On the other hand, analysts would tend to consider as prima facie evidence of irrationality policymakers’ complete failure to process a consistent stream of information indicating that the chosen course of action is unlikely to lead to the desired result.
By contrast, competition neglect envisions policymakers as asking the wrong question and thus reaching misleading conclusions about the future balance of power. Camerer and Lovallo (1999) coined the phrase “reference group neglect” (also known as competition neglect) to capture the tendency of their experiment participants to engage in excess entry in a competitive game when told that payoffs would depend on skill, apparently failing to consider that their competitors would have self-selected into the game knowing about the importance of skill, too. A series of subsequent experimental and observational studies provide further evidence of a tendency for individuals and entrepreneurs to insufficiently adjust predictions about various outcomes and market entry decisions for the presence of competitors. For example, Simonsohn (2010) found that a disproportionate number of e-Bay auctions end during peak bidding hours (in the evening), though sellers could maximize their revenues by closing at a different time of the day (around noon), when the number of bidders is lower in absolute terms but higher relative to the number of sellers (i.e., the competition). Moore et al. (2007) presented interview-based evidence that entrepreneurs pay substantially more attention to their personal ability and features of the venture than to potential competition when deciding whether to start a business or not, a tendency confirmed in experiments on market entry. Importantly, competition neglect may result not only in overconfidence but also underconfidence. In fact, people who are weak at a particular task tend to underestimate their prospect of beating competitors, while people who are strong tend to do the opposite. Moreover, there is evidence of excessively high entry in easy competitive games and low entry in difficult ones, indicating limited appreciation of the fact that the level of difficulty would similarly affect one’s competitors (Moore and Cain 2007; Moore and Small 2007; Radzevick and Moore 2008).

In line with Kahneman’s (2011, 97–9, 259–61) interpretation, I consider competition neglect as resulting from substitution—a cognitive bias leading people to substitute a hard question (the target) with a related one that is easier to address. Substitution enables people to quickly generate opinions on complex matters. For example, the question “Are you better than average as a driver?” is difficult, as it requires, at a minimum, information about a referent group (the average driver), which may not be readily available. Automatic, effortless mental processes are likely to evoke the simpler, related question “Are you a good driver?”, and then map its answer back onto the original question. Without the engagement of effortful mental activities to scrutinize it, the answer to the substitute question may be accepted by the individual as the answer to the target question, with the substitution going unnoticed. This mental shortcut is useful, given that it produces assessments that may be a reasonably good approximation at a low cost; but it can also lead people astray by facilitating the formation of false beliefs.

An interview with Joe Roth, then chairman of Walt Disney Studios, helps illustrate competition neglect as substitution (reported in Camerer and Lovallo 1999, 315). When asked why so many big-budget movies are released on the same weekends (e.g., around Memorial Day and Independence Day), Roth replied:
If you only think about your own business, you think, ‘I’ve got a good story department, I’ve got a good marketing department, we’re going to go out and do this.’ And you don’t think that everybody else is thinking the same way. In a given weekend in a year you’ll have five movies open, and there’s certainly not enough people to go around.

The target question for Roth’s movie executives should be: Considering the market’s carrying capacity and our capabilities relative to our competitors, should we release our next big movie on Memorial (Independence) Day weekend? However, this question appears to be replaced with a simpler question: Do we have a good product and the resources to sell it? The affirmative answer to the substitute question is mapped onto the target question, leading movie studios to release on dates that may not be conducive to revenue maximization in the presence of likeminded competitors.

In applying the concept to the political-military realm, I expect competition neglect to manifest somewhat more subtly for policymakers than for economic agents. When the escalation of a dispute to war is a realistic possibility, policymakers have to grapple with the question: What will happen if war comes? This question evokes outcomes in which the adversary looms large, given its direct influence on them, such as the risk of defeat at the adversary’s hands or the costs the latter may be able to inflict on one’s country in the course of the fighting. By contrast, for actors such e-Bay sellers, the relevant outcomes—making a sale or maximizing revenues—are not directly affected by competitors. Thus, it seems implausible that policymakers would outright ignore their country’s competitors by substituting the question “Are we stronger than them?” with “Are we strong?”, the way Roth suggests movie executives tend to do. Rather, I posit that policymakers generally take into account the adversary’s capabilities in their calculation of the current balance of power; yet, in their assessment of the future balance of power, policymakers tend to focus on the expected changes in their side’s capabilities while unwarrantedly holding constant the other side’s.

For policymakers dealing with a dispute with a serious potential to escalate to war, the target question is: Given the expected trajectory of our capabilities and our adversary’s, would we be better off fighting now or in the future? The failure to consider a competitor’s capabilities in the future results from substitution of this question with two related questions. The first one is: What would war now be like? Answering this question entails developing a mental image of the course of war started in the present and of its outcome, in which the adversary and its current capabilities would figure prominently. An answer pointing to a likely defeat or a costly victory would prompt the second question: Could

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15 In the marketplace, the influence of supply-side competition is generally indirect, as it affects the equilibrium price for one’s product and/or the willingness of buyers to purchase it as opposed to alternative products.
we improve our prospects by increasing our present capabilities and/or fixing existing weaknesses in our military? An affirmative answer to this second question would then be mapped onto the original question: If, given time, we can address some of the reasons for the gloomy prospects of war in the present, then we would be better off fighting in the future rather than now. Thus, although the first question about readiness for war in the present considers the opponent’s current capabilities, the second question about the possibility of addressing, with time, readiness problems prompts a myopic neglect of the future trajectory of the other side’s capabilities.

The argument thus far provides an explanation for policymakers’ initial failure to attend to the right question, resulting in unwarranted “better later than now” thinking. Cognitive biases such as substitution can be overcome with the deployment of additional cognitive resources. Efforts at correction should be particularly likely when stakes are high and multiple actors are involved in the policymaking process, which would entail both powerful incentives and multiple opportunities to get the analysis right, as was the case with British appeasement policy. To explain the persistence of competition neglect in a case like the one at hand, the cognitive bias story needs to be complemented with affect heuristic, that is, the tendency for individuals’ likes and dislikes to shape their beliefs about the world (Slovic et al. 2006). As discussed, substitution leads policymakers to focus on limitations of their country’s military capabilities that could be overcome with time. The idea of fighting before fixing one’s deficiencies is likely to feel wrong, as it would evoke regret-laden images of avoidable miseries and appear at odds with a commonsensical standard of prudence—fight only when ready.16 This negative feeling in turn would predispose policymakers against a critique of their buying-time perspective that stresses the importance of considering the adversary’s growth trajectory, because the implication of the critique is that it would be better to go to war before the country’s military preparations are complete. The negative feelings associated with this implication would substantially reduce the critique’s ability to persuade, thus helping buttress the buying-time thinking induced by competition neglect.

4. Empirical Analysis

In this section, I present an initial test of competition neglect and the miscalculation argument as solutions for the appeasement puzzle. For this test, I focus on the years 1937–38, the phase of appeasement under Chamberlain’s premiership up to the Munich crisis. I do so because Chamberlain’s Cabinet has attracted the most attention among both adherents to the traditional critical perspective on appeasement and proponents of the buying-time interpre-

16 The idea of fighting a major war without being ready not only would have a negative valence, but also high “evaluability,” that is, it would be easily classifiable as “bad,” given its apparent departure from normal, prudent behavior (Slovic et al. 2006, 1339–42).
tation. Importantly, the fact that the period under examination includes the Anschluss and Czechoslovak crises provides multiple opportunities to observe British policymakers’ thinking about the prospects of war. I first discuss observable implications from the miscalculation and competition neglect arguments, then I assess fit with the empirical evidence.

4.1 Observable implications

According to the miscalculation argument, British leaders adopted a buying-time strategy as the result of their assessment that in the future their country would be in a better military position relative to Germany, having taken into account both sides’ power trajectories. From this perspective, London wrongly believed that time was on its side because of the inaccuracy of estimates about the two sides’ growth. Miscalculation has three key observable implications. First, British policymakers should believe in the existence of a favorable growth differential of military power (i.e., faster growth for Great Britain and its allies than for Germany). Second, British policymakers’ analysis during crises should pay attention to the implications of alternative courses of action under consideration for both sides’ power trajectories. Third, British policymakers should refer to evidence about a favorable growth differential of military power when advocating for or justifying a buying-time strategy.

The competition neglect argument envisions British policymakers’ embrace of a buying-time strategy as a consequence of a myopic focus on their side’s future improved capabilities and a corresponding inattention to the other side’s growth trajectory. I draw three observable implications. First, during crises British policymakers’ analysis should concentrate on the implications of alternative courses of action for their side’s growth trajectory, paying scant attention to the implications for the other side. Second, when making claims in support of a buying-time strategy, policymakers should point to evidence of future growth for their side, disregarding information about the other side. Third, policymakers should tend to dismiss critiques of their buying-time strategy that point to evidence that Germany may outgrow Britain and its allies over the relevant future.

4.2 Assessing fit with the evidence

The historical record suggests that British policymakers did not believe in the existence of a favorable growth differential in 1937–38. After a series of optimistic estimates in the first years of the Third Reich, intelligence reports beginning in fall 1936 painted an unambiguous picture of German military capabilities in the air and on land growing at a pace with which Great Britain and its allies could not keep up.

In Wark’s (1985, 99) account of the post-1936 outlook of the British army’s intelligence, “a main ingredient in the War Office’s new vision of German power [was] the knowledge of accelerating army growth.” A February 6, 1937 report
by the War Office and the Industrial Intelligence Center (IIC) estimated the German army’s annual expansion at 15 divisions for the following years (Wark 1985, 99–100). By contrast, the size of French and British ground forces would remain substantially unaltered over the period of interest. The French army faced longstanding demographic constraints to expansion, captured by the expression “lean years” referring to the period 1935–1939 (Adamthwaite 1977, 159–61; Philpott and Alexander 2007, 749–50). On its part, until the fall of Prague in March 1939, Britain capped the size of forces that could be deployed in a continental war at two ill-equipped divisions (Gibbs 1976, ch. 12).

Thus, based on a comparison of trends in number of divisions, a “crude but accessible measure of power” for British intelligence (Wark 1985, 101), the conclusion of an improvement in Germany’s relative position over time was inescapable. Moreover, there was no indication of any offsetting qualitative trend. Though War Office analysts never reached a consensus view on the German army’s emerging blitzkrieg, they were highly aware of the Wehrmacht’s ongoing improvements in doctrine and equipment compared to the stasis of its main continental opponent, the French army (Wark 1985, 93–99). Cabinet members had access to these intelligence estimates indicating a clear trajectory of relative growth of German capabilities for land warfare and the record of Cabinet meetings does not reveal evidence of policymakers expressing meaningful disagreement with the key intelligence findings.

The fall of 1936 was a decisive turning point for British intelligence on German airpower, too. In the period 1933–35, British air intelligence had forecasted that German military aircraft expansion would peak in 1937, with the result that Great Britain would catch up by 1939. Subsequent information would disabuse British policymakers of this notion, indicating instead that Germany would continue to expand at breakneck speed. As a Foreign Office official put it in reaction to a landmark intelligence report from September 1936: “the cat seems out the bag at last—the Germans are going to have the biggest air force that they can” (Wark 1985, 56). In this new intelligence climate, RAF expansion programs abandoned the objective of achieving parity with the Luftwaffe for all practical purposes: they would project reaching within a few years capabilities that the Germans were thought to be just about to attain, while acknowledging that in the meantime the Luftwaffe would probably continue to expand rapidly. In Wark’s (1985, 64) pithy summary, “[e]very element of the air intelligence picture as it developed from the autumn of 1936 suggested the increasing striking power and numerical lead of the Luftwaffe over other Eu-

17 The army, like the rest of the French armed forces, also faced stringent financial limitations, resulting in part from domestic political instability (Murray 1984, 95–96).
18 The October 1937 proposal for accelerating RAF expansion envisioned a British first-line strength by Summer 1941 comparable to the estimated German first-line strength in late 1938 (Gibbs 1976, 565–74; Wark 1985, 60–2).
European air forces.” Intelligence reports, therefore, provided no basis for British policymakers to believe in the existence of a favorable quantitative growth differential in airpower and no evidence suggests that Cabinet members questioned the validity of the intelligence.

Several scholars noted a substantial qualitative improvement in British air defenses from the Munich crisis to the outbreak of WWII. Most notably, Hurricanes and Spitfires largely replaced obsolete fighters and the extension of the radar system offered significant benefits in terms of early warning of German bombing (Gibbs 1976, 594–600; Taylor 1979, 987). Yet, qualitative improvement occurred on the German side, too. For example, the availability of BF109, a fighter which would prove itself equal to the Spitfire and superior to the Hurricane in the Battle of Britain, rose significantly (Murray 1984, 248). Thus, assessing what conclusions British policymakers should have drawn about the net effect of the two side’s qualitative improvements in airpower is difficult. What is crucial for present purposes, though, is the fact that qualitative developments do not appear to have had a substantial impact on the way British policymakers and the Air Staff thought about the balance of power in the air. Technological advancements did not figure prominently in debates about RAF expansion programs between the Cabinet and the Air Ministry as well as within the latter in the years 1936–39. As Gibbs (1976, 596–97) noted, supporters of a defensive use of airpower and of acquisition of fighters over bombers would have had powerful incentives to refer to Hurricanes, Spitfires, and radar in the course of their advocacy. The fact that they did not suggests that the significance of these new technologies was not widely appreciated. Therefore, there is little reason to believe that information about qualitative improvements on the British side altered the general picture held by intelligence analysts and policymakers of a deterioration of the relative British position in the air driven by the quantitative trend discussed above.

The British intelligence outlook on naval matters was less gloomy than for air and land capabilities, as Britain had a wide margin of superiority over Germany at sea. Yet, here too, British policymakers expected a deterioration of their country’s relative power, albeit on a limited scale and at a slow pace. The expanding German fleet was thought to be on its way to reach 35% of the size of Britain’s, in line with the 1935 Anglo-German Naval Agreement (Gibbs 1976, 332–55; Wark 1985, ch. 6).

In sum, I find no support for the observable implication of the miscalculation argument about British policymakers’ belief in a favorable growth differential

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19 British intelligence and policymakers had a dismal view of the current and likely future state of French airpower. A fall 1937 Air Staff memorandum noted that “the war potential of the French Air Force is, for the present, reduced in the most grave manner,” and that its condition would not improve for some time to come (Gibbs 1976, 574). In his assessment of the European balance of power later in the year, Chamberlain observed that “the French Air Force was far from satisfactory” and that, with an aircraft output about one-fifth that of Britain, a “long time must elapse before France would be able to give us much help in the air” (Cabinet 46(37), December 8, 1937, 24 – CAB 23/90).
in military power. If anything, the evidence suggests that British policymakers expected a marked deterioration of the balance of power on land and in the air.

With this in mind, I turn to decisionmaking during the Anschluss and the Czechoslovak crises. In the weeks leading up to Germany’s March 12, 1938 annexation of Austria (the Anschluss), the British Cabinet discussed with concern Hitler’s likely attempt to gobble up Austria and then change the status quo in Czechoslovakia. No Cabinet member proposed issuing threats to deter Germany, let alone engaging in preventive war, given the widely accepted assumption of current British military weakness. No discussion about the implications of acquiesce to annexation for Germany’s future capabilities took place.\(^{20}\)

The decision to steer away from possible escalation in a moment of weakness while ongoing rearmament proceeded appears to be consistent with the competition neglect argument, even though the record of decisionmaking about the Anschluss does not include explicit references to rearmament and “better later than now” thinking. The absence of such references is not necessarily problematic for competition neglect, given that Cabinet members were all too familiar with the ongoing rearmament efforts. British defense expenditures had grown by about 40% over the previous year and were due to expand even faster in the following twelve months (Layne 2008, 431). Cabinet discussions of German designs over Austria began on February 16, 1938, the day in which the British government approved the proposal put forth by the Minister for Coordination of Defence to ensure the fiscal sustainability of expanding rearmament programs (Gibbs 1976, 279–96). Therefore, it likely went without saying that Great Britain would have stronger military capabilities to deal with a similar crisis in the future.

The absence of any discussion about the implications of the chosen course of action for Germany’s future capabilities is consistent with competition neglect’s expectation of a myopic focus on one’s own growth trajectory. This absence, however, is at odds with the miscalculation argument. British policymakers understood that the only hope of military victory against Berlin lay in a long war, in which London could take advantage of the superior financial and economic resources of the British Empire as well as of Germany’s limited access to raw materials and vulnerability to a naval blockade. Thus, in the months preceding the Anschluss, Cabinet discussions had focused on two requirements for long war: (1) preserving financial and economic stability while rearming; (2) being able to withstand a German “knockout blow,” in particular in the form of a strategic bombing campaign, by strengthening British air defenses. The Anschluss had serious potential implications for both. The annexation of Austria would facilitate Berlin’s subsequent encroachments on Czechoslovakia, thus paving the way for enhanced German access to Eastern and Southern European raw materials, which would reduce Germany’s handicap in a long war against Great Brit-

\(^{20}\) Cabinet 5(38), February 16, 1938; Cabinet 6(38), February 19, 1938; Cabinet 9(38), February 23, 1938; Cabinet 11(38), March 9, 1938; Cabinet 12(38), March 12, 1938 (all in CAB 23/92).
ain. Furthermore, the absorption of Austrian and then Czechoslovak industrial assets and armaments would enable an acceleration of the growth of German ground forces and thus an increase in the risk that they could defeat their French counterpart. The occupation of France, in turn, would dramatically strengthen Germany’s ability to wage a strategic bombing campaign against Britain and therefore to knock it out of the war.\textsuperscript{21} The fact that British decisionmakers did not address the question of the Anschluss’ impact on future German ability to thwart’s their long-war plan stands in stark contrast with the considerable attention they paid to expanding Britain’s air defenses and to preserving its financial and economic strength during rearmament. The competition neglect argument helps us make sense of this contrast.

With Austrian annexation a done deal, British policymakers started worrying about the likely next target of German aggression: Czechoslovakia. At a Cabinet meeting on March 22\textsuperscript{nd} that would set the course of British foreign policy up to the Munich Agreement, the Foreign Secretary, Halifax, noted: “One result of what had happened in Austria was to render Czecho-Slovakia highly vulnerable by opening up a new and open frontier to the possibility of German attacks.”\textsuperscript{22} A study by the Chiefs of Staff (COS) on the “military implications of German aggression against Czecho-Slovakia,” commissioned days earlier by Prime Minister Chamberlain, constituted the basis of the discussion. According to the study, due to unfavorable geography and the military weakness of Great Britain and other potential intervenors, Czechoslovakia was not defendable; in a long war, Britain and its allies might ultimately be able to liberate occupied Czechoslovakia, but in the process German aerial bombardment would visit devastation on British cities, given the unpreparedness of air defenses. In light of the dismal prospects for military intervention, Halifax and Chamberlain argued against trying to deter Germany, which would entail a risk of escalation to war. Instead, they proposed that Britain and France exercise joint pressure on the Czechoslovak government to make far-reaching concessions on the status of German-inhabited Sudetenland, thus removing the biggest source of friction between Prague and Berlin. The overarching concern was avoiding military confrontation between Czechoslovakia and Germany, which may have prompted France to run to the rescue of its ally and then drag Britain into the fray. As Layne (2008) and Ripsman and Levy (2007; 2008) note, Chamberlain and Halifax’s proposal was premised on the idea that Britain would be militarily stronger in the future thanks to the ongoing rearmament, which the Prime Minister argued should be accelerated.\textsuperscript{23}

\textsuperscript{21} For a discussion of the net military benefits from Anschluss actually experienced by Germany, see Murray 1984, 149–52.

\textsuperscript{22} Cabinet 15(38), March 22, 1938, 6, 10 – CAB 23/93.

\textsuperscript{23} Ibid., 6 and 10. The current military unpreparedness in the process of being remedied through rearmament is a leitmotiv of Chamberlain’s and Halifax’s communications during the Czechoslovak crisis. In a March 16, 1938 meeting of the Cabinet’s Foreign Policy subcommittee, the Prime Minister noted that, given the impossibility of defending
An unspecified Cabinet member challenged the proposal by essentially diagnosing competition neglect. Having granted that “the position as regards aircraft and guns was bad today,” he asked: “Would the relative position be any better tomorrow?” (Cabinet 15(38), 7). The Cabinet member proceeded to note that if Germany were allowed to extend its hegemony in Eastern and Central Europe, within a couple of years Berlin might overcome its inability to prevail in a long war by leveraging the resources of subjugated countries. Great Britain, therefore, should provide a security guarantee to Czechoslovakia: “disadvantageous as might be the circumstances to-day for intervention, they would be still more so tomorrow.” (Cabinet 15(38), 7). The proposal under discussion and the COS study on which it relied are, indeed, textbook examples of competition neglect, given that they outright ignored the implications of leaving Czechoslovakia at Germany’s mercy for the latter’s growth trajectory and, in particular, for its ability to fight a long war.24

The unnamed Cabinet member’s objection fell on deaf ears. As the Cabinet minutes report,

> [t]he view that was accepted more generally and increasingly as the discussion continued was that the policy proposed by the Foreign Secretary and supported by the Prime Minister was the best available in the circumstances (Cabinet 15(38), 9).

The discussion in support of the dominant view stressed, once again, that only a long war could rescue Czechoslovakia from Berlin’s jaws, and that in the meantime “people of this country would have been put in a position of being subjected to constant bombing, a responsibility that no Government ought to take.” (Cabinet 15(38), 10). Conversely, the discussion pointed out, with time rearmament would address Britain’s unpreparedness:

> In regard to the position two years hence, the Cabinet were reminded that the Royal Air Force would at any rate be armed with up-to-date aeroplanes and the anti-aircraft defences with modern weapons. (Cabinet 15(38), 10).

Czechoslovakia, “all we could do would be to make war on Germany, but we were in no position from the armament point of view to enter such a war and in his opinion it would be most dangerous for us to do so” (Layne 2008, 423–24). Chamberlain would later explain his opposition to war over Czechoslovakia to French Premier Daladier by pointing out that “Great Britain, having disarmed since 1919, just started rearming a short while ago” (Ripsman and Levy 2008, 172). The Foreign Secretary explained British reluctance to issue “a warning, or a threat” to Germany derived from doubts about “ability … to enforce it.” “Our effort in rearmament has been considerable,” Halifax added, “but we are only approaching the stage where production will give us a return on the expenditure on which we embarked. Quite frankly, the moment is unfavourable, and our plans, both for offence and defense, are not sufficiently advanced” (CP 76(38), March 23, 1938, 4 – CAB 24/276).

24 Only on September 16, 1938, the Minister for Coordination of Defence asked the COS for an assessment of the implications for the balance of power of allowing Germany to absorb Czechoslovakia without a fight, but the study could not be completed before the Munich Agreement (Murray 1984, 210).
To summarize, the evidence from the pivotal March 22 Cabinet meeting is consistent with the expectations of competition neglect and at odds with those of the miscalculation argument. Analysis focused on the implications of alternative courses of action for British military power, disregarding Germany’s growth trajectory. The case in support of the policy of avoiding at all costs war over Czechoslovakia did not emphasize a growth differential in military power in Britain’s favor; rather, it rested on the observation that British military capabilities would grow over time, without considering the possibility of even faster growth for Germany. Furthermore, questioning of the policy on the ground that Germany’s military edge may increase did not gain traction, in the face of the objections that the alternative of fighting under present conditions would be extremely costly and that rearmament would address Britain’s military unreadiness.25

5. Conclusions

This chapter has tackled the appeasement puzzle, i.e., the fact that, while British policymakers pursued the plan of biding their time to prepare for a future military confrontation with Germany, Berlin’s power actually grew relative to London’s. The evidence about British foreign policy in 1937–38 corroborates my competition neglect explanation. In their analysis and decision-making during crises, British leaders appear to have myopically focused on the prospects for future growth of Britain’s military power, neglecting the possibility that German power would grow even faster. This evidence contradicts the alternative miscalculation argument, which would have led us to expect policymakers to focus on growth differentials in military power, that is, on changes in relative power over time. Moreover, contrary to the miscalculation argument, the evidence strongly suggests that British policymakers did not believe in the existence of a general balance of power trend in favor of their country.

I conclude by addressing a potential concern about how the case examined here might compare to others in terms of the likely effects of competition neglect. I envision competition neglect as a cognitive bias bolstered by affect heuristic. Thus, the bias could be particularly strong when the idea of embarking on war is highly unpleasant. This should be the case when a country is satisfied with the status quo, as it would see war as a threat to what it already possesses. A country in a current position of stark military inferiority relative to its adversary should also see war in a distinctively negative light. Great Britain in the 1930s had both characteristics—status quo orientation and stark military inferiority vis-à-vis Germany—making appeasement a relatively easy case, in this respect, for competition neglect.

25 Cabinet discussion in the ensuing months would follow a similar pattern. See in particular, Notes on a meeting of Ministers, August 30, 1938 – CAB 23/94; Cabinet 38(38), September 14, 1938 – CAB 23/95; Cabinet 39(38), September 17, 1938 – CAB 23/95.
Though a systematic examination of the generalizability and scope conditions of competition neglect awaits future studies, two preliminary considerations suggest that my argument may play an important role in a broad range of cases. First, there is some evidence that competition neglect shaped German generals’ opposition to Hitler’s plan to attack Czechoslovakia in 1938, even though Germany enjoyed a clear military edge over other European powers and its political-military leadership was broadly revisionist, in that it saw war as a useful tool to get what it coveted (Copeland 2000, ch. 5). As Murray (1985, 49) noted, Hitler’s objection to the generals’ opposition to going to war before completing preparations was that

the important question was not whether the army was fully prepared. Instead, it was whether the army was superior to its opponents at that time. To wait until the army was fully prepared would only mean that Germany’s opponents would also be prepared. [...] Germany must pick the time when she enjoyed maximum advantage.

The fact that ultimately Hitler’s views prevailed may have had less to do with a generally weaker sway of competition neglect on German decisionmakers’ minds than with his outsized charisma and ruthless repression of dissent. Second, even detached, competent analysts appear to often fall prey to competition neglect. For example, writing decades after the fact Gibbs (1976, 599) observed that the British outlook for war in 1939 was “a great deal brighter than it had been at the time of Munich” due to major improvements in air defenses, excluding from his analysis the corresponding growth in German capabilities. This fact suggests that even mild levels of dislike associated with the idea of fighting before completing preparations, such as we might expect analysts to experience, may make overcoming competition neglect difficult. Competition neglect is likely to represent a much larger hurdle for leaders making decisions involving the risk of violent death for large numbers of their citizens.

References