World War I and the League of Nations

PS 142A.6
Summary

- First attempt to extend U.S. rule to Europe.
- Mischaracterized as debate between isolationists and liberals, but actually between unilateralists and internationalists.
- Failure of postwar cooperation led to economic instability, the Great Depression, Fascism, and World War II.
World War I

- Rising tensions in Europe.
- Assassination of Archduke Franz Ferdinand of Austria.
- Schliffen Plan expands war, then empire.
- U.S. reluctant to join.
U.S. and World War I

- Not our fight!
  - Domestic cleavages along ethnic lines
  - Wilson reelected in 1916 on slogan “He kept us out of the war.”
- Germany expands attacks on neutral shipping in March-April 1917.
  - Several attacks on U.S. merchant ships
  - Zimmermann Telegram March 1917
- U.S. enters war on April 6, 1917.
Making the World Safe for Democracy: Wilson’s 14 Points

- Abolition of secret treaties
- Freedom of the seas
- Equality of trade
- Reduction of armaments
- Adjustment of colonial claims
- Return to prewar borders
- Dissolution of Austrian-Hungarian empire
- Balkans to be independent states
- Reestablish Poland
- League of Nations
President Woodrow Wilson

- Famous professor of Political Science
- President of Princeton University
- Progressive Governor of New Jersey (1911-1913)
- Elected in 1912 in 3-way race
The Design of the League of Nations

- Collective Security
  - Art. 10 creates a morally binding commitment for member states to preserve the integrity and independence of all other states.
  - By binding states to action, attempted to overcome the collective action problem at the heart of any collective security scheme.

- Council of the League could call upon states to act and advise them of their obligations.
  - Council could only act by unanimous consent
  - U.S. thus had a veto over League actions
  - But, Council free to determine its own powers

- For Wilson, the U.S. would rule the League, and the League would rule Europe
The Debate over the League

- Veto in the League did not protect against Executive Power within the U.S.
- Open-ended “contract” allowed for an expansion of powers within the League.
- Current instability in Europe increased risk of opportunism (entrapment).
Collective Security

- Internationalists favored continued engagement by U.S.
  - Willing to forego some measure of sovereignty to reduce risk of future wars.

- Unilateralists favored freedom of action.
  - Were not isolationists (split in the 1930s)
  - Supported an active U.S. role in world politics
  - Preferred strategy of Off-Shore balancing.
Hierarchy in the Caribbean

Costs and Benefits

Gains from cooperation

Governance costs

Expected costs of opportunism

h* Extent of rule
Hierarchy in Europe: Wilson

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Hierarchy in Europe: Lodge

- Costs and Benefits
- Governance costs
- Gains from cooperation
- Expected costs of opportunism

- \( h^* \)
- Extent of rule
Core Problem

- No real assets at risk
  - U.S. had very little at stake in Europe that would have justified costs of ruling region
- No indirect rule; no attempt to change regimes
  - Governance costs would have been very high.
- Do not know the counterfactual of the League with the U.S. as a member
  - Reality probably closer to Lodge than Wilson
The Tragedy of Wilson

- Wilson proved unwilling to compromise.
  - Small amendments preserving power of Congress and such might have enabled passage
  - Wilson refused to consider revisions. Particularly fearful of watering down Art. 10

- Wilson took his case to the American people.
  - In September 1919, he suffered a paralytic stroke.

- Treaty (with Lodge reservations) defeated in November 1919 (39-55) and again in March 1920 (49-35).
  - Irreconcilables joined with committed Wilsonians to defeat treaty.
Failure of Cooperation: War Debts and Reparations

- Germany plagued by crippling reparations.
- UK and France owed large war debts to the U.S.
- U.S. refused to forgive loans, but willing to make new loans

The International Financial System Under the Dawes Plan and Young Plan 1924-30

- $2.6 Billion in War Debt Payments
- $2.5 Billion in Loans
- $2.0 Billion in Reparations Payments
Failure of Cooperation: Economic Instability

- Return to the Gold Standard
- Agricultural depression
- Financial crisis → Great Depression
- Trade Wars
  - Smoot-Hawley and retaliation
Smoot-Hawley 1930

U.S. Average Tariff Rates (1821-2016)

Effect of Smoot-Hawley

Chart 7: When protectionism failed ... impact of 1930 Smoot-Hawley Tariff Act on US equities

- 24 March '30 - Passed the Senate
- 17 June '30 - Smoot-Hawley Tariff Act signed into law
- 28 May '29 - Passed the House
- Smoot & Hawley lose their seats in midterm elections
- 12 June '34 - Reciprocal Tariff Act
Reduction in World Trade

League of Nations' World Economic Survey 1932-33
Failure of Cooperation: Economic Instability

- Return to the Gold Standard
- Agricultural depression
- Financial crisis \rightarrow Great Depression
- Trade wars
  - Smoot-Hawley and retaliation
- Beggar-thy-Neighbor monetary policies
  - Competitive devaluations of currencies
  - Ended only with Tripartite Monetary Agreement of 1936
Consequences

- Fascists come to power in Germany and militarists in Japan.
  - Partly by mobilizing resentment against Versailles
  - Partly due to economic misery from Depression
  - In both, attempt to create an autonomous economic sphere
- U.S. retreats into true isolationism in the 1930s