

Introduction

The interwar period marked the end of a dramatic expansion in international trade. The First World War did not destroy the commercial networks that had underpinned nineteenth-century globalization, but it did reroute and repurpose them to serve military ends. It transformed the legal and geopolitical context of international trade by precipitating the collapse of continental empires across much of Eurasia and decentering Europe in global markets.¹ From 1913 to 1928, Europe's share of total world trade dropped by roughly 16 per cent, due to a relative decline in direct imports and exports as well as transit trade.² In an attempt to give structure to a world economy in flux, many Europeans embraced new multilateral methods in the 1920s, using the League of Nations as their institutional canvas. They disavowed the laissez-faire liberalism of the past, concluding that markets would have to be actively propped open using international rules and institutions.³ Internationalists came to this common project with widely varying geopolitical ambitions, and competition between divergent models of regional, global, and imperial order generated much of the momentum behind multilateral innovation in interwar trade politics. Yet, this underlying conflict also meant that any institutional compromise that could be reached was provisional and fragile.⁴

¹ A. Estevadeordal, B. Frantz, and A. M. Taylor, 'The Rise and Fall of World Trade, 1870–1939', *The Quarterly Journal of Economics*, 118/2 (2003), 359–407; P. Clavin, 'Defining Human Security: Roads to War and Peace, 1918–45', in C.-C. W. Szejnmann (ed.), *Rethinking History, Dictatorship, and War: New Approaches and Interpretations* (Continuum, 2009), pp. 69–83; A. Tooze and T. Fertik, 'The World Economy and the Great War', *Geschichte und Gesellschaft*, 40/2 (2014), 214–38.

² A. G. Kenwood and A. L. Lougheed, *Growth of the International Economy, 1820–2015*, 4th ed. (Routledge, 1999), 213; M. B. Miller, *Europe and the Maritime World: A Twentieth-Century History* (Cambridge University Press, 2012), 242–3.

³ On this point, I am in full agreement with Q. Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Harvard University Press, 2018).

⁴ R. Boyce, *The Great Interwar Crisis and the Collapse of Globalization* (Palgrave Macmillan, 2009).

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The multilateral trade experiments of the 1920s did not durably revive globalization, but they did alter expectations about what kinds of problems trade policy could be asked to address, on what scale, and through what channels. Those assumptions were encoded in legal norms and institutional practice in the League of Nations and in the associational networks that formed around it. This book traces that process of innovation through public administration, think tanks, policy advocacy, and organized business by focusing on one prominent actor in each area. It centres on the four main European belligerents in the First World War – Austria, Britain, France, and Germany – because much of the book is concerned with the long transition from war to peace. Of course, the United States was also an important belligerent, and it figures prominently in the second and third chapters, covering the war and the peace negotiations. The United States was not very involved in League-led trade cooperation until the arrival of Cordell Hull as Secretary of State in 1933 (as explained in the Conclusion). It is also true that the export-dependent neutral states of Northern Europe and the imperial successor states of Central and Eastern Europe had distinctive interests in international trade politics, and their perspectives are also included when discussing specific initiatives. This analysis extends recent scholarship on the genesis of international economic governance in the League era by revealing the particular lines of cleavage in trade and showing how the commercial treaty system inherited from the nineteenth century was reconfigured around multilateral institutions in the 1920s.⁵

The collection of bilateral trade agreements that had been concluded in the final decades of the nineteenth century remained the foundation for trade regulation in the 1920s. These agreements were linked together through most-favoured-nation (MFN) clauses, which guaranteed that treaty partners would receive all tariff concessions and regulatory advantages that were afforded to third parties, at least according to the most robust interpretation. In the nineteenth century, MFN was celebrated as a framework for open markets, but it was also a baseline against which regional and imperial discrimination could be articulated. Trading powers used various techniques to build substructures within the over-arching regime of MFN treaties: some made the transfer of benefits between partners ‘conditional’ on securing equivalent counter-concessions, some carved out special advantages for colonial partners,

⁵ Y. Decorzant, *La Société des Nations et la naissance d'une conception de la régulation économique internationale* (Peter Lang, 2011); P. Clavin, *Securing the World Economy: The Reinvention of the League of Nations, 1920–1946* (Oxford University Press, 2013).

and some ‘specialized’ tariff concessions so narrowly that they would only apply to one partner’s particular exports. Thus, in the nineteenth century, MFN was both a tool to knit markets together and to divide them into preferential blocs, and that dual function was institutionalized through the Paris Peace Settlement and the League of Nations. The League provided a central point of integration for the diffuse network of bilateral treaties by establishing a standard formulation of the MFN principle. At the same time, the League also opened legal space for smaller groupings to develop within the standardized global treaty network by defining an exemption from MFN norms for free trade areas. The League thus framed a novel regime of multi-layered trade governance which generated opportunities for regulatory innovation but also created considerable tension. The interplay between regional and global structures made foreign trade a powerful matrix for projects to reorder the world, first in the League and then in the later General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO).

Multilateral trade policy has not figured prominently in the standard narrative of the war and its aftermath, which has focused heavily on the issue of reparations. Financial constraints did weigh heavily on trade in the 1920s, but international policy in these two spheres operated quite differently. In the realm of finance, cooperative lending schemes had a concrete impact on markets, moving considerable sums of money around to facilitate the reconstruction of the gold standard and to sustain the cycle of war debts and reparations. International financial cooperation often encroached on domestic systems of taxation and production, as Jamie Martin has shown.⁶ In contrast, multilateral trade initiatives intervened much less directly in markets and instead supported high-level policy coordination and normative standardization. That pattern began to shift during the Great Depression, as more intrusive inter-governmental commodity agreements proliferated, with backing from the League. In the 1920s, the more abstract quality of trade cooperation made it a platform for grand projects to reconfigure relations between states and markets.

Trade and finance were clearly separated in the League’s organigram. Under the umbrella of its Economic and Financial Organization (EFO), trade was handled through the Economic Committee. This body did consider trade credit and some aspects of foreign direct investment, but a separate Financial Committee addressed most other matters of

⁶ J. Martin, *The Meddlers: Sovereignty, Empire, and the Birth of Global Economic Governance* (Harvard University Press, 2022).

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banking, monetary policy, and investment. Working alongside the EFO, the League Transit Organization dealt with shipping, often in cooperation with the Economic Committee. The semi-autonomous International Labour Organization was responsible for employment policy. The divisions between the League's technical bodies mirrored standard divisions at the national level between ministries of finance, commerce, transit, and labour. Members of the Economic Committee were technically appointed as independent experts by the League Council, but they came recommended by home governments, and most of them were lead national trade negotiators. The Economic Committee was quite small when compared to today's sprawling World Trade Organization. The committee's composition varied, but it hovered around one dozen members. An overwhelming majority of them came from Europe, and most from Western Europe. A system of geographic representation ensured that the non-European views were voiced by a member from Japan, a member from Latin America, a member from India or the British Dominions, and, starting in 1928, a member from the United States. Non-European participation in the sub-committees that actually fleshed out the details for individual projects remained very limited due to the greater expense and travel time involved in sending qualified experts to Geneva from overseas.⁷

In the 1920s, League trade policy thus focused heavily on Europe and responded to the geopolitical tensions there which stemmed from the First World War, centring on 'the German problem'. Before 1914, Germany had become the nucleus of European trade treaties by leading several successive rounds of negotiations. The Treaty of Versailles cut the centre out of the European treaty system by stripping Germany of MFN rights for five years, constraining its negotiating capacity. Although Germany's wings were clipped temporarily in 1919, it gained tremendous regional clout as the only great power left standing in Central and Eastern Europe. In territorial terms, Germany came out of the Paris Peace Settlement relatively intact, while the surrounding empires utterly disintegrated.⁸ This power shift in the east also heightened friction in Western Europe. Without a Russian partner on Germany's eastern flank, France faced a powerful neighbour with a potentially expansive hinterland. After first attempting a policy of confrontation which culminated in the occupation of Germany's industrial heartland in the Ruhr in 1923, the French government embraced a more collaborative approach, aiming to bind

⁷ P. Clavin and J.-W. Wessels, 'Transnationalism and the League of Nations: Understanding the Work of Its Economic and Financial Organisation', *Contemporary European History*, 14/4 (2005), 465–92.

⁸ A. J. P. Taylor, *The Origins of the Second World War* (Fawcett, 1961), 44–52, 66–77.

Germany in a network of European partners through multilateral rules.⁹ As French leaders well understood, the architecture of German power in Europe also depended to a large extent on decisions made in Vienna. Austria sought to leverage its position as a weak but decisive intermediary between east and west, balancing its close bonds to Germany with its ties to the Habsburg successor states.¹⁰

Many Europeans concluded that managing these complex dynamics would require a more sophisticated form of multilateral organization beyond traditional bilateral diplomacy, and League trade policy became a central vehicle for their projects. There was, however, disagreement about whether multilateralism would facilitate or constrain Germany's influence over its neighbours and whether it should anchor Europe within a universal normative framework or bracket its problems within a special regional regime. At issue was not merely Europe's internal relations but also its position in the wider world. Ongoing political conflict in Russia, East Asia, and the Middle East undermined the vast Eurasian continental empires whose stability had enabled Europeans to project power far afield during a long period of colonial expansion.¹¹ At the same time, nationalist movements and transnational diasporas had begun to mount a forceful challenge to European maritime empire in its outer reaches.¹² Indeed, although Europeans dominated international trade debates in the 1920s, the League also opened new channels for Asians, Africans, and Latin Americans to contest Eurocentrism and to articulate alternative models of economic order.¹³

⁹ R. Boyce, *British Capitalism at the Crossroads, 1919–1932: A Study in Politics, Economics, and International Relations* (Cambridge University Press, 1987), 165–77; P. Jackson, *Beyond the Balance of Power: France and the Politics of National Security in the Era of the First World War* (Cambridge University Press, 2013).

¹⁰ A. Suppan, 'Mitteleuropa Konzeptionen zwischen Restauration und Anschluss', in R. G. Plaschka, H. Haselsteiner, A. Suppan, A. M. Drabek, and B. Zaar (eds.), *Mitteleuropa-Konzeptionen in der ersten Hälfte des 20. Jahrhunderts* (Verlag der Österreichischen Akademie der Wissenschaften, 1994), pp. 171–97.

¹¹ J. Darwin, *After Tamerlane: The Rise and Fall of Global Empires, 1400–2000* (Allen Lane, 2008), 365–424.

¹² E. Manela, *The Wilsonian Moment: Self-Determination and the International Origins of Anticolonial Nationalism* (Oxford University Press, 2009); R. Gerwarth and E. Manela (eds.), *Empires at War, 1911–1923* (Oxford University Press, 2014).

¹³ S. Jackson, 'Diaspora Politics and Developmental Empire: The Syro-Lebanese at the League of Nations', *Arab Studies Journal*, 21/1 (2013), 166–90; S. Pedersen, *The Guardians: The League of Nations and the Crisis of Empire* (Oxford University Press, 2015); C. Biltoft, 'The League of Nations and Alternative Economic Perspectives', in J. Ghosh, R. Kattel, E. Reinert (eds.), *New Perspectives on the History of Political Economy* (Edgar Elgar, 2016), pp. 270–80; J. A. S. Román, 'From the Tigris to the Amazon: Peripheral Expertise, Impossible Cooperation and Economic Multilateralism at the League of Nations, 1920–1946', in S. Jackson, A. O'Malley (eds.), *The Institution of*

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In the 1920s Europeans confronted far-flung countries that did not want to be led, as well as rising competitors that did not want to lead. The United States notably ended the war with vast economic clout which far outstripped its diplomatic will or capacity, as Adam Tooze has emphasized.¹⁴ Interwar debates about European unity were largely – though by no means exclusively – about how to manage transatlantic relations, with reference to the United States and the larger pan-American project.¹⁵ Britain found itself in a particularly tight position, balancing a commitment to European reconstruction against demands from increasingly assertive Dominions and a fickle Atlantic partner.¹⁶ The analysis presented here refines influential recent scholarship that highlights the importance of US leadership in twentieth-century international relations.¹⁷ While it is certainly true that the dramatic expansion of US influence during the world wars profoundly shaped the development of modern international governance, this book shows that interwar Europe made decisive contributions to that process precisely because it grew weak and unstable. In the 1920s, multilateral experimentation in trade policy was a leaderless competition among rival visions of post-war Europe.

Those European experiments fed into a broader regime of ‘global order’, defined by Andrew Hurrell as a system of international norms mediating value conflicts and power asymmetries stemming from social, political, and economic change. Hurrell shows that this normative core is constantly being redefined in response to shifting regional structures.¹⁸ Seen in this light, the traditional preoccupation with the ‘success’ or ‘failure’ of the League of Nations is misplaced because modern international governance is inherently unstable: global order and disorder are always in dynamic

International Order: From the League of Nations to the United Nations (Routledge, 2018), pp. 59–64.

¹⁴ A. Tooze, *The Deluge: The Great War and the Remaking of Global Order, 1916–1931* (Allen Lane, 2014).

¹⁵ S. Beckert, ‘American Danger: United States Empire, Eurafrika, and the Territorialization of Industrial Capitalism, 1870–1950’, *The American Historical Review*, 122/4 (2017), 1137–70; A.-I. Richard, ‘Competition and Complementarity: Civil Society Networks and the Question of Decentralizing the League of Nations’, *Journal of Global History*, 7/2 (2012), 233–56.

¹⁶ A. Orde, *The Eclipse of Great Britain: The United States and British Imperial Decline, 1895–1956* (St. Martin’s Press, 1996), 41–69; J. Darwin, *The Empire Project: The Rise and Fall of the British World-System, 1830–1970* (Cambridge University Press, 2009), 359–417.

¹⁷ P. O. Cohrs, *The Unfinished Peace after World War I: America, Britain and the Stabilisation of Europe, 1919–1932* (Cambridge University Press, 2008); Tooze, *The Deluge*; O. Rosenboim, *The Emergence of Globalism: Visions of World Order in Britain and the United States, 1939–1950* (Princeton University Press, 2017); S. Wertheim, *Tomorrow, the World: The Birth of U.S. Global Supremacy* (The Belknap Press of Harvard University Press, 2020).

¹⁸ A. Hurrell, *On Global Order: Power, Values, and the Constitution of International Society* (Oxford University Press, 2007).

tension. This insight provides useful guidance for interpreting the recent centennial assessment of the First World War's legacy. Much of the scholarship suggests that the war was both a product and a producer of turbulent international relations.¹⁹ It should be emphasized that conflict was not chaos. The breakdown and reconfiguration of global order during and after the First World War produced distinct geopolitical and institutional patterns, which were reflected in the changing outlook of European trade experts. Prior to the war, they generally conceived of the world economy as an interconnected but diffuse system without a centre. They referred frequently to the 'organization' of economic activity without specifying who directed that process or through what legal channels. In contrast, after 1918, they began to argue that the world economy required a clearly defined institutional nucleus which would provide a firm base to manage the manifold shocks brought by the war. Although bilateral methods continued to dominate European treaty practice through the end of the interwar period, League collaborators defined multilateralism as the new frontier of innovation. This book tells their story.

In the 1920s, international trade politics were dominated by a generational cohort born in the 1870s who reached professional maturity just before the outbreak of the First World War. They were effective institutional entrepreneurs because in 1918 they were sufficiently well established to have extensive organizational resources at their disposal but still young enough to be willing to use those resources in creative ways. In response to tectonic shifts in the international economic and political landscape, they sought to bind the world's governments and markets in a durable system of multilateral coordination. Their macroeconomic objectives were not revolutionary – they generally tried to ease restrictions on foreign trade and restore patterns of economic integration that had been disrupted by the war. There was no systematic effort to use trade policy to manage changing relations between workers and employers or between agriculture and manufacturing. Those issues did periodically appear on the League trade agenda in the 1920s, but it was not until the 1930s that new models of planning and international development directed League economic policy more deliberately towards goals of full employment and balanced economic growth.²⁰

¹⁹ C. Clark, *The Sleepwalkers: How Europe Went to War in 1914* (Allen Lane, 2012); J. Leonhard, *Der überforderte Frieden: Versailles und die Welt 1918–1923* (C. H. Beck, 2018); R. Gerwarth, *The Vanquished: Why the First World War Failed to End, 1917–1923* (Allen Lane, 2016); E. Conze, *Die große Illusion: Versailles 1919 und die Neuordnung der Welt* (Siedler Verlag, 2018).

²⁰ Clavin, *Securing the World Economy*, 159–97; C. R. Unger, *International Development: A Postwar History* (Bloomsbury Academic, 2018), 23–78.

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The relative absence of social issues from League trade debates in the 1920s must not be interpreted as evidence that interwar liberals were generally hostile towards welfare provision at the national level. Some observers such as Ludwig von Mises did interpret League trade policy in that light.²¹ However, restricting social democracy was not the primary intention behind any of the practical trade initiatives discussed in this book. Indeed, most members of the Economic Committee looked favourably on national social insurance, which they saw as an essential complement to a regime of open international trade. For example, Hubert Llewellyn Smith, the British official who was the single most influential figure in early League trade policy, began his career as a union organizer. He joined the civil service as a reform-minded ‘New Liberal’, with a remit to build-out Britain’s collective-bargaining system using the levers of state commercial administration in the Board of Trade. He went on to write the legislation that established Britain’s unemployment insurance system in 1911 and served as a mentor to William Beveridge, who later continued that work. Although Llewellyn Smith favoured state-funded welfare programmes, he was sceptical that such programmes could be advanced through standardized international trade norms, given the diversity of local social conditions. It is true that the ILO used a very different regulatory strategy to promote social insurance. The Economic Committee’s commercial rules were often quite detailed and prescriptive, but the ILO worked through an arms-length process of standard-setting that left national governments and social partners wide latitude to adapt norms to local circumstances.²²

In terms of substantive content, League trade norms did not stray far from nineteenth-century trade treaties. The Economic Committee worked to standardize and modestly supplement existing treaties through multi-party agreements. It offered new machinery to write, enforce, and amend collective agreements thus embedding bilateral treaty negotiations in a continuous process of policy coordination. Patricia Clavin has demonstrated that the League of Nations functioned as a porous ‘multiverse’. Its operations were repeatedly reconfigured through the integration of new collaborators and ideas, with economic and financial activities gradually assuming greater prominence as political cooperation stalled.²³ This book

²¹ Slobodian, *Globalists*, 27–54.

²² This arms-length approach partly reflected the fact that ILO officials wanted to strengthen the self-governance of national insurance funds, which constituted an important base of political support for their work. See S. Kott, ‘Constructing a European Social Model: The Fight for Social Insurance in the Interwar Period’, in J. Van Daele, M. Rodriguez Garcia, and G. van Goethem (eds.), *ILO Histories* (Peter Lang, 2011), pp. 173–96.

²³ Clavin, *Securing the World Economy*.

reveals how the institutional nexus described by Clavin was grounded in nineteenth-century trade treaties and how the transition from nineteenth-century globalization towards twentieth-century international governance fed through diverse national perspectives and organizational contexts.

The full significance of the leap towards multilateral order in the 1920s becomes clear when it is set against the more decentralized trade politics that predated the First World War. This book situates four influential reformers in the pre-war trade system and then traces their competing efforts to reshape that system in the 1920s using different organizational pathways. It focuses on Hubert Llewellyn Smith, the aforementioned British trade official, who was largely responsible for crafting the basic architecture for multilateral trade treaties in the League; Bernhard Harms, a German academic who built one of Europe's most prominent economic think tanks, the Kiel Institute for World Economy and Sea Traffic (Instiut für Weltwirtschaft und Seeverkehr or IfW); Lucien Coquet, a French lawyer who led a series of policy-advocacy groups dedicated to European unity; and Richard Riedl, an Austrian who became the central point of contact between League trade policy and the International Chamber of Commerce (ICC). Although these men crossed paths, they were not part of a clearly defined coterie. Rather, they were prominent voices in a wider conversation about the changing configuration of international trade, and their organizational trajectories reveal the winding paths along which trade debates developed from the 1880s to the 1920s.

In this book, institutional contextualization will predominate over personal stories. Studying Coquet, Harms, Llewellyn Smith, and Riedl is useful because they expose organizational environments that shaped international trade debates in the 1920s. These men cannot be taken as direct representatives of mainstream trade policy in their home countries, but their multilateral projects were firmly grounded in national and imperial settings and commanded a substantial following. Although this book does not offer a biographical analysis in a conventional sense, it does use some tools of biography to study the processes of institutional transition at work in the interwar period. Tracing individual trajectories exposes the grinding gears of organizational practice. It also highlights the novel opportunities for personal agency that were available in an international system in flux, when internationalists could exert considerable influence by positioning themselves between shifting organizations.²⁴ This book extends previous

²⁴ I. Löhr, 'Lives beyond Borders, or: How to Trace Global Biographies, 1880–1950', *Comparativ: Lives beyond Borders: A Social History 1880–1950*, 23/6 (2013), 7–21; M. Herren and I. Löhr, 'Being International in Times of War: Arthur Sweetser and the Shifting of the League of Nations to the United Nations', *European Review of History: Revue européenne d'histoire*, 25/3–4 (2018), 535–52; H. A. Ikononou, 'The Biography As

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research emphasizing interactions between nationalism and internationalism to show how such linkages were institutionally articulated through trade policy.²⁵

Chapters 1, 2, and 3 run from 1890 to 1920 and follow Coquet, Harms, Llewellyn Smith, and Riedl together as a generational cohort who reached the height of their careers just at the moment when an era of unprecedented global economic integration gave way to a war of unprecedented destruction. Chapters 4, 5, 6, and 7 analyse their different institutional responses to that reversal in four individually focused chapters. Born around 1870, Coquet, Harms, Llewellyn Smith, and Riedl spent their student years in a period of volatility, marked by intense imperial competition, sweeping technological change, and the rise of mass politics coinciding with an extension of voting rights. The 1870s witnessed a deep global economic depression, and the subsequent four decades brought a spectacular but erratic recovery. This belle époque is now often described as an era of globalization, but contemporaries were less fixated on overall levels of economic growth than on its uneven, boom-and-bust character.²⁶ They witnessed a significant expansion of global commercial interdependence that coincided with the rise of nationalism, jingoistic imperialism, and protectionism. This prompted new efforts to understand and control the mechanics of world trade.

‘Organization’ became the watchword for trade policy during this period. This term covered a dense collection of rules, information, and institutions, all designed to make trans-border business more intelligible

Institutional Can-Opener: An Investigation of Core Bureaucratic Practices in the Early Years of the League of Nations Secretariat’, in K. Gram-Skjoldager, H. A. Ikonomidou, and T. Kahlert (eds.), *Organizing the 20th-Century World: International Organizations and the Emergence of International Public Administration, 1920–1960s* (Bloomsbury Academic, 2020), pp. 33–48; B. Reinalda, ‘Biographical Analysis: Insights and Perspectives from the IO BIO Dictionary Project’, in K. Gram-Skjoldager, H. A. Ikonomidou, and T. Kahlert (eds.), *Organizing the 20th-Century World: International Organizations and the Emergence of International Public Administration, 1920–1960s* (Bloomsbury Academic, 2020), pp. 14–32.

²⁵ See notably, M. Herren, *Hintertüren zur Macht: Internationalismus und modernisierungsorientierte Außenpolitik in Belgien, der Schweiz und den USA 1865–1914* (Oldenbourg, 2000); D. Gorman, *The Emergence of International Society in the 1920s* (Cambridge University Press, 2011); G. Sluga, *Internationalism in the Age of Nationalism* (University of Pennsylvania Press, 2013); Pedersen, *The Guardians*; M. Mazower, *Governing the World: The History of an Idea, 1815 to the Present* (Penguin Press, 2012); G. F. Sinclair, *To Reform the World: International Organizations and the Making of Modern States* (Oxford University Press, 2017); Martin, *The Meddlers*.

²⁶ The most influential account of nineteenth-century globalization is K. H. O’Rourke and J. G. Williamson, *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (MIT Press, 1999).