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The Meddlers

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The Meddlers

SOVEREIGNTY, EMPIRE, AND THE BIRTH OF GLOBAL ECONOMIC GOVERNANCE

Jamie Martin

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For my parents
Janet Whelan and Roger Martin
And for Katrina

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Introduction

By the end of the twentieth century, a small number of international institutions had come to wield great influence over the domestic economic policies of many states around the world. The International Monetary Fund (IMF) and World Bank made assistance to member states conditional on them enacting a broad suite of reforms, often with far-reaching political and social consequences. From Africa to Latin America to Asia, loans were tied to the balancing of government budgets, the privatization of state-owned industries, the removal of regulations, and the lowering of tariffs. The World Trade Organization (WTO) targeted not only outright barriers to trade but also an array of domestic laws and regulations concerning health and safety, industrial and agricultural policy, and the environment. Working alongside powerful governments, central banks, and private corporations, these institutions exercised powers of "global economic governance" that unsettled long-standing norms of sovereignty, which, at least in theory, were meant to safeguard national institutions and policy-making from outside interference.

There is a well-known story about the twentieth-century origins and development of these powers of global economic governance. It begins with the Bretton Woods Conference of July 1944, when, just as the Allied invasion of Western Europe was unfolding, representatives from forty-four countries met to reshape the rules of the international monetary system and create two new institutions, the IMF and World Bank, to govern the world economy. Within a few years, these institutions were joined by the General Agreement on Tariffs and Trade (GATT), a legal agreement between twenty-three states to encourage a return to freer trade.[1] This unique postwar

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arrangement lasted for two and a half decades. When the Bretton Woods system fell apart in the early 1970s, the IMF and World Bank, having lost their original mandates, began to exercise greater powers over the domestic policies of some of their members. Using the incredible leverage of access to foreign capital, they enforced austerity and structural adjustment reforms, which dramatically reshaped the economies and institutions of many countries. In 1995, when the more interventionist WTO replaced GATT, it also began to deal with problems once assumed to reside within the exclusive jurisdiction of sovereign states.

The increasingly intrusive powers of these institutions damaged their legitimacy. They were criticized around the world for interfering in domestic politics and imposing neoliberal policies on states in the Global South and former communist bloc. Even their supporters raised difficult questions about their compatibility with traditional conceptions of sovereignty and democracy. If representative politics remained an exclusively national affair, how could institutions beyond the state legitimately make such extensive demands on domestic policy? What was the difference between a voluntary act of delegation to such an institution and an act of submission to the powerful foreign governments and private interests that set its agendas?

These questions are often considered unique to an era of late twentieth-century neoliberal globalization. But they are in fact quite old. Their origins date to the end of the First World War, when international economic institutions—for the first time in history—began to intervene in the most consequential domestic economic decisions of some of their member states. In the process, these institutions oversaw a major transformation in sovereignty and international order, as they reshaped tools of informal empire for a new era of self-determination. *The Meddlers* tells the story of this transformation. In doing so, it offers a political history of the birth of global economic governance at a moment of profound flux in the relationship of empire and global capitalism.

The first international economic institutions were designed to defend capitalism and stabilize a European-dominated international order that the First World War had thrown into turmoil. Their powers were shaped according to the prerogatives of a few European governments and central banks—primarily those of the victorious Allied powers and, above all, Britain. But US private interests and occasionally public authorities also played a role in their genesis. The most important such institution was the League of Nations. In 1920, the League established the first standing inter-

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governmental economic and financial bodies, modeled on wartime councils used by the Allied powers to regulate global trade and shipping. A few years later, the world's first international bank, the Bank for International Settlements, was established to facilitate the cooperation of European central banks and help resolve the destabilizing problem of German reparations. Various intergovernmental bodies were created to control the global production and exchange of raw materials and agricultural goods. These institutions worked alongside private international cartels; the International Chamber of Commerce, a business lobbying group; and the International Labour Organization, which was dedicated to expanding labor laws and worker protections in member states. Across various domains, international intervention in economic processes became routine, as global markets were embedded in new legal and institutional frameworks, underwritten by a handful of powerful states, empires, and banks. At the Bretton Woods Conference in 1944, a second wave of innovation in international economic governance began, which both built on and departed from this earlier one. The twentieth-century history of global capitalism runs through these international institutions.[2]

During the interwar years, these bodies developed novel powers over once-insulated domestic realms of economic policy-making. They tied loans to commitments to austerity or development practices; coordinated the policies of independent central banks beyond the direct control of national governments; and imposed restrictions on the production and export of certain raw materials and agricultural goods. These new powers involved demands to open policies, resources, and information to the reach of actors beyond the sovereign borders of states and empires. Such demands always faced fierce opposition, since they were widely seen as challenges to a long-established norm of international law and diplomacy: that formal sovereignty provided protection from any kind of "foreign interference." There were many areas of policy that were designated problems of domestic administration alone, including immigration and religious and civil matters. But few were as significant in their implications as economic policies like tariffs, taxation and public spending, the management of currencies, and the regulation of raw material and agricultural production. Any state that allowed a power beyond its realm to weigh in authoritatively on such economic issues was said, in effect, to be relinquishing its full sovereignty.

Beyond Europe's borders, few states had ever enjoyed such insulation. For centuries, one empire after another had violently laid claim to the

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wealth and resources of the non-European world. Even when their incursions fell short of colonial annexation, these empires, along with the United States, forced many countries to open up domestic spaces to the reach of foreign officials, militaries, bankers, and businesses—whether in China, the Middle East and North Africa, Latin America, the Caribbean, or on Europe's Balkan periphery. In the nineteenth century, banks and the empires that protected their interests perfected the art of meddling in the affairs of others without needing to formally colonize them. At the end of the First World War, there was no shortage of precedents for the sovereignty of the weak being violated by the strong for the sake of power and profits.

But it was precisely these imperial precedents that made the earliest innovations in global economic governance so controversial. In a profoundly unequal world, how could a sovereign state open its internal affairs to outside intervention without admitting to a loss of status, power, and autonomy? How could it allow an institution representing the interests of rival governments, central banks, or capitalists any influence over policies of strategic significance or with important distributional and political consequences? In the wake of the First World War, the stakes of answering these questions were extremely high, given the dangerous interstate rivalries and volatile transformations in national mass politics to which the war had led. Claims to self-determination were more influential than ever. The collapse of old empires like the Russian and Austro-Hungarian had given rise to new states that guarded their sovereignty warily.[3] Powerful European countries, demoted by an ascendant United States from the summit of global hierarchies, went from fraught coexistence in the 1920s to the outbreak of another war in the 1930s. At the same time, many governments were becoming more democratic as class and gender barriers to suffrage fell and socialist parties gained a foothold in parliaments. Far-right, far-left, and nationalist movements innovated new forms of nondemocratic politics that were nonetheless rooted in mass mobilization.[4]

Against the backdrop of these transformations, and across a range of sovereign countries and colonies, resistance to the interference of external actors in domestic economic policies provided a global lingua franca of opposition to the earliest attempts to govern the world's capitalist economy. The opponents of international economic institutions criticized them as meddlers. In many cases, the charge was justified—though not always.

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What was undeniably true was that during an era of empire—when the sovereignty of many countries was partial, contested, and new—the question of which countries allowed the involvement of outside actors in their domestic affairs was always a question of their relative power and status in a hierarchical international system. This fact made international cooperation extremely difficult to realize—and the charge of meddling a highly resonant one. To many contemporary observers, it was obvious that the interventionist powers of these institutions were rooted in practices of empire. But this created a problem: Unlike preventing a war, governing an interdependent world economy could not only involve managing the relations between states. Doing so also appeared to require reaching deeply into their interior realms—to adjust their budgets, currencies, or tariffs. How could this be done in ways that did not simply recapitulate practices of informal empire and gunboat diplomacy?

The Meddlers explains how the first international economic institutions developed the power to open the internal economic spaces of sovereign states to the involvement of "outsiders," while attempting to legitimate their actions as a reproducible form of international cooperation, not outright coercion. The challenge faced by the architects of these institutions was to transform potential insults to sovereignty and self-governance into practices of international cooperation that could win broad acceptance, even when these institutions were clearly used for the sake of the strategic interests of rival empires or the profit-making of powerful capitalists.

The First Wave of International Economic Institution-Building

The years following the conclusion of the First World War were some of the most tumultuous in the history of global capitalism. They have long been described as the moment when a vibrant wave of globalization came to a disastrous end. In the second half of the nineteenth century, the world economy had reached unparalleled levels of interconnection as tariffs were lowered, beginning with Britain in the 1840s. Technological innovations, the expansion of empires, and the integration of financial markets increasingly knit the entire earth into a single system of exchange. Even after many countries began to raise tariffs from the 1870s onward, this did not seriously interrupt a worldwide process of market integration made possible by the introduction of new transportation technologies, including the steamship and railways, which dramatically lowered the costs of doing

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business over vast distances. By the turn of the twentieth century, most large economies had fixed the value of their currencies to gold, greasing the wheels of trade between them. The telegraph transmitted information around the world in the blink of an eye. Staggering volumes of capital flowed out of wealthy countries into investments abroad, such as the new rail lines crisscrossing Europe's growing colonial empires, which brought agricultural goods and raw materials from once isolated rural areas to coastal outlets. Millions of migrants moved around the world. The total volume of global trade grew at a blistering pace. At the same time, a new division of labor solidified between industrialized economies, mainly in Europe and the United States, and producers of primary commodities. This deepened global inequalities and accelerated the "great divergence" that had begun in the late eighteenth and early nineteenth centuries between the "core" regions of global capitalism and its "peripheries."[5] Governments at this time did little to manage their national economies. Nor did they offer much protection to their populations from the turbulence of this expanding global capitalist system, which since the 1820s had experienced major crises every ten years, on a schedule of almost metronomic predictability—"as regularly as the comets," as Friedrich Engels once put it.[6]

Although the First World War did not bring all of these globalizing trends to a screeching halt, it did throw the world economy into disarray.[7] When Austria-Hungary issued its ultimatum to Serbia in late July 1914, stock exchanges were shuttered from Johannesburg to Amsterdam, and bank runs broke out from the Dutch East Indies to Peru.[8] The gold standard was suspended, trade and exchange restrictions were implemented in the belligerents, and the infrastructures of global shipping and commerce were weaponized for the sake of wartime blockades. At the end of the war, much of Europe was exhausted economically. The vanquished owed painful reparations, and the victors had crushing debts to their allies. Trade and finance were in tatters. Many efforts to recreate a durable and stable world economy, like that of the prewar "golden age" of capitalism, were unsuccessful.[9] Some observers have described these efforts as signature cases of the limits of interwar internationalism, foiled by interstate rivalries, US isolationism, and the turn to militaristic nationalism in the 1930s.[10] When the global Depression arrived, it aggravated existing instabilities and created new ones. Long-distance trade shriveled, foreign investment dried up, and millions of industrial and agricultural workers were thrown out of employment. Tariffs, exchange controls,

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and imperial economic blocs proliferated. States ran a range of experiments in managing their national economies, from the US New Deal to the Soviet Five Year Plan. The globalized world economy that had emerged in the late nineteenth century, bruised but not broken by the First World War, was dashed on the rocks of economic nationalism. Another world war approached.[11]

Many accounts of the interwar "collapse of globalization" focus on a story about the difficulty of restoring the classical gold standard. The gold standard was the financial linchpin of the prewar world economy, but it posed external constraints on national economies and politics that proved over time to be increasingly incompatible with representative politics.[12] Before the First World War, the gold standard had encouraged the growth of world trade by providing stable exchange rates. But it required constant fiscal discipline and periodic doses of domestic deflation. Central banks adjusted interest rates with little input from governments and mostly insulated from the political consequences of the recessions they engineered to protect the currency's peg to gold, even when these recessions brought wrenching unemployment. After the war, the political costs of prioritizing the stability of exchange rates over the livelihoods of industrial workers and farmers became much higher as the possibilities for political resistance proliferated in democratizing societies. The increased power of labor and the rise of socialist parties made wages stickier and the threat of strikes more palpable. Vitriolic and often deadlocked parliamentary conflict raised the stakes of decisions about taxation and public spending. Mass unemployment brought by the Depression made it more difficult than ever for governments to prioritize maintaining the gold standard if this meant avoiding expansive monetary or fiscal powers to deal with the crisis.[13] When the fetters of gold were removed, beginning with the devaluation of sterling in late 1931, recovery from the Depression began.[14] This lesson was taken to heart in the 1940s. At the Bretton Woods Conference, the interwar gold standard was replaced with a system of fixed but adjustable exchange rates. This allowed governments greater autonomy to pursue the expansive economic and welfare policies needed to maintain their legitimacy without resorting to the extreme economic nationalism that had so destabilized global capitalism in the 1930s.[15] The idea that the world economy was to be shaped in light of domestic social and economic priorities, not the other way around, marked a dramatic reversal from the assumptions that had guided policy for decades.[16] For this reason, some claim that the Bretton Woods system allowed national

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sovereignty, democracy, and global capitalism to be made compatible in a stable synthesis for the first time ever—if only for a few short decades.[17]

But the gold standard was not the only external constraint on the economic policies of governments after 1918. The first wave of international economic institutions enabled foreign governments, central banks, and private interests to exercise a voice in the internal affairs of a range of sovereign states. This power was distinct from that of the gold standard, since it involved institutions making discretionary decisions on the basis of varying political or economic criteria. The rules of gold required states to forgo policies that jeopardized the stability of their currencies, like running up budget deficits or adjusting monetary policy to rescue economies from recession. This proved to be incompatible with robust democracy during an era in which citizens could better defend their interests through political parties and labor unions. But the gold standard did not involve any formal relinquishment of national policy discretion to external authorities—who could back up their demands, whatever they might be, with threats of discipline and even punishment. Its maintenance did not require any international institutions at all.[18] Committing to the gold standard, moreover, was widely considered a marker of a country's "civilizational" status and national prestige. Allowing foreign actors to have a voice in its domestic policies was universally seen to be the opposite.[19]

The importance of this emerging international power over domestic economic policy-making in the wake of the First World War has long been downplayed. In large part, this is because the international institutions of this era were for decades considered failures. If measured against their goals of rescuing the world from depression and preventing the outbreak of war, no other conclusion can be reached. But recent scholarship has revisited the internationalist experiments of these years with an eye to understanding how they laid important foundations for the institutions of the liberal international order of the post-1945 period.[20] Alongside developments in the international regulation of public health, migration, refugees, and the policing of contraband, the League of Nations' long-neglected Economic and Financial Organization, in particular, has been rediscovered and credited with giving rise to an entirely new conception of "international economic regulation."[21] In the words of one of the League's greatest historians, the Economic and Financial Organization made "efforts to support global capitalism" one of the League's central aims.[22] It harmonized regulations concerning trade and played a

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The Economic and Financial Section of the League of Nations. *United Nations Archives at Geneva.*

critical role in saving several European countries from financial collapse in the 1920s.[23] It sponsored some of the era's most influential economic research, including studies that helped give shape to the very idea of "the national economy" itself—an idea that was not, until the interwar period, the common sense it is now.[24] It gathered so much data that it made another new idea, "the world economy," statistically legible for the first time.[25]

But a crucial aspect of the political origins of these early international economic institutions has remained in the dark. How did they develop powers to intervene in traditionally domestic arenas of economic policy-making? This book explains how this dramatic innovation in international governance took place—in the face of widespread opposition to it. To do so, *The Meddlers* tells a history of institutional design alongside one of political struggles over legitimacy, representation, and ideology. It charts the development of a range of new practices during the interwar years—from conditional lending to international development. What was so novel

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about these institutions was that their interventionist powers had to be differentiated from the kind of unwanted meddling that empires had long visited on semi-sovereign countries—from North Africa to Asia to the Caribbean. The task of these institutions was to make their powers compatible with the legal fiction of sovereign equality and the mass politics of self-determination.

The era following the conclusion of the First World War was not the first time that foreign ministries, businesses, and banks had worked together across national lines. The integration of the world economy in the nineteenth century had involved many instances of public and private cooperation for the sake of promoting international commerce. Nor was this the first time that financial advisers had been sent from some countries to help reform the domestic laws and institutions of others.[26] Powerful states, of course, had long coerced weaker ones into relinquishing their autonomy and assets. But until this point, there were almost no examples of the government of a sovereign state willingly relinquishing control over vital economic matters to an external body that claimed to represent its interests—and in which it enjoyed at least some representation.

In the nineteenth century, the two kinds of international institutions that dealt with problems related to the integration of global capitalism had either avoided exercising such interventionist powers or had done so in ways that were unmistakably imperial. The first were the international public unions established from the 1860s onward to coordinate regulations over technical matters related to international commerce—such as telegraphs, the post, railways, and river navigability—as part of broader efforts to standardize measures, statistics, and global timekeeping.[27] These bodies did not play any role in major domestic economic policies and were restricted to handling what were deemed uncontroversial issues.[28] Even their attempts to deal with supposedly apolitical problems, however, were denounced as threats to sovereignty and national pride. More controversial policies, such as tariffs, were off limits to them. While many bilateral trade treaties were signed in the second half of the nineteenth century, tariffs were generally considered matters for domestic jurisdiction alone, not international law or administration.[29] Some have described these technical unions as precursors to twentieth-century institutions of global governance.[30] But this was true only in a limited sense. Although these international public unions standardized regulations and facilitated the collection of statistics, they were prevented from touching domestic policies with important strategic or distributional implications.[31]

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Much more powerful were the multinational debt commissions created at the behest of European investors in North Africa and the Middle East beginning in the 1860s, and then later in Balkan states like Bulgaria, Serbia, Macedonia, and Greece. These debt commissions, usually staffed by representatives of various European banks and governments, wielded extensive powers over the revenues and budgets of sovereign borrowers said to be at a high risk of default. They vetoed decisions over public spending and removed sources of revenue from domestic control to ensure that foreign lenders were repaid. They were later seen as models for compelling sovereign states to accede to demands imposed from the outside. But these debt commissions were clearly instruments of informal empire, which made it difficult to adapt them to international forms of governance. At first, these commissions were established outside Europe and were considered appropriate only for countries deemed by European bankers and governments to be at a lower level of "development" or on a lower rung of civilizational hierarchy. After these commissions were brought to the Balkans in the 1890s, some claimed a boundary had been crossed: institutions once generally restricted to Muslim-majority countries were now being used in Christian Europe—though still only in what many considered its underdeveloped post-Ottoman periphery.[32]

These earlier arrangements provided clear precedents for twentieth-century institution-builders. But in the aftermath of the First World War, international efforts to govern the world economy involved a new challenge: compelling governments of sovereign states to relinquish full autonomy over policies, resources, and institutions without insulting their claims to self-governance and national pride in the process. One of the principal aims of these institutions was to serve as legitimation machines, making older imperial practices acceptable for a new era. But nearly every attempt to reach beyond the barriers of sovereignty resulted in fierce resistance—whether from political elites, bankers, workers, or businesses, who, in fighting their own battles, debated whether these institutions offered a new kind of internationalism or simply an ingenious method for laundering empire.

The Architects

The architects of these first international economic institutions came from a very specific and narrow milieu. Most of them were men born around the 1870s–1880s in Britain, the United States, and continental Europe.[33]

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Their careers straddled the public and private, the national and international. Some were officials in treasuries, foreign ministries, and colonial offices; others were bankers, whether on Wall Street or in the City of London, or at the world's most powerful central banks. Most of their careers took off during the First World War through their involvement in the economic mobilization of the Allied powers—whether in the supply of raw materials or food, the production of munitions, or the allocation of shipping. After the war, several played a role in the League of Nations or Bank for International Settlements. Many shuffled between institutional settings, whose borders at this time were often porous. They all shared a basic internationalist orientation, though their political commitments varied: some were conservatives, others moderate socialists.[34] They included some famous figures, such as the British economist John Maynard Keynes, the French internationalist and financier Jean Monnet, and the Bank of England Governor Montagu Norman. But they also included many quietly effective technocrats working at the intersection of banks, governments, and international bodies. Their efforts all shared the basic aim of preserving and stabilizing capitalism at a moment of increasing challenges to it. At times, they were engaged in fierce struggle—often, though not always, due to national rivalries. Whether it was for the sake of promoting British, US, or French interests, however, the institutions they designed all functioned to project the economic power of empires in new ways during an era of rising nationalism and shifting global hierarchies.

The transnational network of these architects was very small. It was no coincidence that most of them sat at the nexus of political and financial power in Britain and the United States, the two most powerful capitalist empires the world had ever seen. Although the US government did not take as central a role in international and European political affairs during the interwar period as it would later, various US citizens were involved in institutions like the League of Nations, and Wall Street loomed over many decisions taken in Europe during this time.[35] Until the 1940s, the burdens of international stabilization fell heavily on the British Empire and the Bank of England. This gave British elites outsized influence in these international institutions, which they used to advance a new kind of economic imperialism in Europe and abroad, at a moment when Britain's global power, at least in relation to its longtime US rival, was on the wane.[36]

Although a small network of people formulated these novel practices, their work was not part of a unified and self-conscious project of world-

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making. Instead, they responded to different crises and with varying aims. The first time that an international institution ever made loans conditional on a government committing to a program of domestic austerity and central bank independence, for example, was in former Ottoman and Habsburg lands in the early 1920s. The goal of doing so was to prevent financial chaos, the westward march of Bolshevism, and the outbreak of another war in Central Europe and the Balkans that would jeopardize the fragile peace settlement of 1919. The first time that private investments were channeled to an international development program was to address the huge refugee problem that Greece faced in the wake of its 1919–1922 war with Turkey and the population exchange that followed in 1923, not to build up the industrial capacity of a "modernizing" state, as would later become the standard aim of development programs. The first major experiment in intergovernmental commodity governance, later elaborated more fully by the Organization of the Petroleum Exporting Countries (OPEC), was pioneered in the case of one specific raw material: tin. Its aim was to contain worker uprisings in British and Dutch Southeast Asian colonies and respond to the demands of a lobbying group in London dominated by a multinational mining conglomerate. Taken together, however, these experiments led to the establishment of institutions that collectively exercised a type of power recognizable today as that of an early form of global economic governance. Although this term was not used at the time, many contemporaries saw these novel public and private institutional innovations as part of the same trend: toward increasing international control over the world economy.[37]

Sovereignty and Foreign Interference

One of the most effective and widely deployed methods for resisting the powers of international institutions during the interwar period was to claim they were exercising an illegitimate form of "interference" in the domestic affairs of a sovereign state. This was a popular tactic for an opposition party to use against a sitting government, for example—particularly in countries with new or partial sovereignty, or where claims to self-determination had potent mobilizing effects. In powerful European countries and the United States, opposition to interference was also used by public and private actors to counter threats to their interests or autonomy. A convincing charge of interference did not only have rhetorical effects, but posed real political barriers to the powers these new institutions could

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develop. There was, of course, nothing new to mobilizing against the "foreigner," whether in arenas of popular politics or elite realms of diplomacy and jurisprudence. Denunciations of interference were also sometimes little more than conspiracy theories, or thinly veiled expressions of anti-Semitism or xenophobia. Yet the charge of interference also explicitly appealed to a set of legal claims about sovereignty and the insulation it was supposed to provide from the reach of external entities. This charge provided a diverse set of actors with a globally recognizable way of framing resistance to international institutions—one with a legal and diplomatic pedigree but also with the potential for mass mobilization. Understanding the conflicts that attended the birth of global economic governance thus requires a multi-scalar approach, moving beyond the halls of international institutions to consider political struggle at the national and local levels as well.[38]

At the end of the First World War, the norm of non-interference was deeply rooted in international law and diplomacy. Its earliest programmatic declarations were made by the German philosopher Christian Wolff and the Swiss international lawyer Emmerich de Vattel in the mid-eighteenth century. In his 1758 *Law of Nations,* Vattel influentially argued that one sovereign could not legitimately interfere in the domestic affairs of another.[39] Immanuel Kant developed a broader account of this right in his 1795 guidelines for "perpetual peace," in which he claimed that no country could lawfully meddle with the constitution or government of another.[40] Non-interference was subsequently elaborated into a fuller legal doctrine. It was said to be the guarantor of true sovereign equality and the independence of states.[41]

This norm was widely debated in the nineteenth century, particularly after the Napoleonic Wars, in large part due to the development of counterrevolutionary practices of interference during the era of the European Congress System. In the wake of the wars, members of the Holy Alliance—Prussia, Russia, and Austria—claimed a right to suppress revolutionary uprisings and unwanted constitutional changes in other states. Their attempts to normalize a taboo practice were never universally accepted. Efforts by some powers to quash rebellions in others, to get involved in their civil wars and dynastic disputes, or to police the global trade in enslaved people were resisted as forms of illegitimate interference in their internal affairs.[42] It was not only members of the Holy Alliance, moreover, that were seen as meddlers. The question of the legitimacy of interference was also at the center of British foreign policy.[43] At the end of the

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Napoleonic Wars, it had been the British who had sought to avoid any international system that involved the "Superintendence of the Internal Affairs of Other States," as the British Foreign Secretary Lord Castlereagh put it in 1820. But this principle was inconsistently maintained in the years to come, as Britain's global imperial expansion accelerated.[44] In the case of relations between most European powers, legal and diplomatic opinion swung against the legality of intervention in the second half of the nineteenth century, even for the sake of counterrevolution.[45] The same was not true for places brought under direct European domination, such as India or Algeria, or for the sake of certain humanitarian causes, like protecting the Christian subjects of the Ottoman Empire.[46] However, in relations between the self-anointed "civilized" states of Christendom, sovereignty was supposed to prevent a wide array of abuses—from unwanted military interventions to more subtle forms of meddling by one sovereign in the domains of another.[47] By the early twentieth century, the right to non-interference was widely seen to extend to various economic policies, even when they affected the welfare of other countries. These included tariffs, subsidies for domestic industries or shipping, export taxes, controls over natural resources, intra-imperial preferential trade arrangements, and taxation and public spending.[48]

Defining these policies as strictly domestic, however, created a problem for those who first sought to endow international institutions with extensive economic powers. This was because stabilizing global capitalism appeared to necessitate intervention into precisely those realms that were said to be off limits: preventing the imprudence of governments that spent more money than ever on arms and alms, encouraging a retreat from rising trade barriers, or overseeing sound monetary policies. This challenge reflected a new reality about the politics of international commerce. Over the second half of the nineteenth century, political struggles over trade had moved from the exclusive plane of international relations to the intranational level as well: that is, competition between rival mercantilist powers was now joined by conflict between interest groups, classes, and political parties.[49] The world economy became a domestic political issue. The birth of the first institutions of global economic governance involved a series of challenges to the idea that these political and distributional conflicts could be kept hidden behind sovereign walls.

For much of the world, the right to economic non-interference was rarely respected. It had never been recognized in territories brought under European colonial rule or countries subjected to foreign financial controls,

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concessions, and the removal of their tariff autonomy. The establishment of the sovereign debt commission in Egypt in 1876, for example, was described by contemporaries as London and Paris claiming a "right of interference" in Egypt's domestic affairs.[50] Even when lip service was paid to the idea of non-interference, it carried little weight when it conflicted with the prerogatives of the powerful. Just before the outbreak of the First Opium War in 1839, for example, the British Foreign Secretary Lord Palmerston had attempted to diffuse tensions between British merchants and Chinese authorities by insisting the Crown would not come to the former's defense if this meant interfering with Chinese efforts to outlaw opium.[51] But Britain was soon at war with China for precisely this reason. After the war, the British developed new means of institutionalizing their involvement in Chinese affairs through the Maritime Customs Service, treaty ports, and laws of extraterritoriality. Similar semi-colonial tools were brought to other countries, such as Siam and the Ottoman Empire, to subject them to external controls without forcing them to formally relinquish their independence.[52] In the case of the US empire, the Monroe Doctrine was said to represent a scaling up of the principle of non-interference to the hemispheric level. But the Monroe Doctrine facilitated frequent US meddling in the affairs of its southern neighbors.[53] The 1904 Roosevelt Corollary, which stated that the United States could, in fact, interfere in Western Hemisphere countries if they did not pay their debts or maintain law and order, formalized what was already clear: The Monroe Doctrine did not articulate a generalizable principle of non-interference but instead demarcated a zone in which the United States alone was allowed to meddle.[54]

During the decade before the outbreak of the First World War, disputes over sovereign debt involved worldwide controversy over questions of interference.[55] The Roosevelt Corollary had been prompted in part by the attempts of European powers to violently force the Venezuelan government in 1902 to pay debts in arrears to European creditors. But this crisis also had another outcome. In its wake, the Argentinian Foreign Minister Luis Drago, drawing on a long tradition of argument about non-interference in Latin America, led a campaign to instantiate a new international norm prohibiting sovereign debtors from being forced by threats of violence to repay their foreign bondholders.[56] Drago's efforts, culminating in an agreement reached at the 1907 Hague Peace Conference, showed that claiming a right to non-interference offered a tool for subordinate countries to resist the incursions of stronger empires—or, at

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least, for bringing international attention to these abuses. But it did little to prevent the US government from inaugurating a new era of interventionist foreign policy in Latin America and the Caribbean, ranging from outright military occupations to the establishment of financial receiverships in countries like Haiti and Nicaragua.[57] At the same time that the United States expanded its power to override the sovereignty of other countries, however, US political and economic elites also claimed a right to non-interference to oppose international arrangements that jeopardized their interests or autonomy.

The fundamental political indeterminacy of these claims at the moment when the history told in this book begins can be seen in the drafting of the Covenant of the League of Nations in 1919. The "domestic jurisdiction" clause of Article 15 clarified that the League's Council or Assembly could not make recommendations in any dispute concerning the strictly domestic affairs of a member state. It was proposed at the Paris Peace Conference by US delegates, who faced intense pressure from Republican lawmakers not to allow the institution to touch US trade or anti-Asian immigration policies. But Chinese delegates also attempted to shape the meaning of this clause to prevent the League from enabling foreign powers to further erode Chinese sovereignty.[58] Countries that had full or only partial sovereignty thus both claimed a right to non-interference. But it was usually only the former that enjoyed it. To some contemporary observers, it was clear that protection from meddling was always a "question of power and politics rather than a rule of law."[59] Whatever the norms about sovereign equality, the new international institutions risked acting like the great powers that dominated them always had: only respecting the right of some states to full autonomy.[60] The fact that not all states, in practice, enjoyed the same features of statehood was obvious to the representatives of "weak" states during the foundation of the League.[61]

The inclusion of the domestic jurisdiction clause in the Covenant of the League of Nations was novel in how it formalized a right to non-interference in the constitution of an international institution. While its immediate effects were limited, it sparked wide debate about how to draw clear and legitimate borders around the domestic spaces whose protection sovereignty was said to guarantee. The vagueness of the clause complicated this task. For Article 15 did not clarify what, exactly, a purely domestic issue was. According to some legal experts, the only plausible interpretation of it was that it covered any issue not already governed by international law.[62] Some of its implications were clear: The League was

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not authorized, for example, to make any pronouncement about a country's decision concerning democratic or authoritarian political institutions.[63] But what about in economics? Here, the issue was murkier. While most economic policies were at this time considered exclusively domestic matters, they could have major consequences across an interdependent world economy. This fact was clear to US opponents of the League of Nations, who recognized that the conceptual blurriness between the economic borders of the domestic and the international when it came to policies like tariffs meant that what was today an issue for a sovereign state alone could tomorrow become one for the international community.[64] That the League's Council was to have the final say about what counted as a purely domestic issue was one of the principal charges made against the League during the congressional debates that decided the United States would not be allowed to join it.[65]

At the same time, the ambiguities of the domestic jurisdiction clause also troubled many liberal internationalists, who worried that it allowed an ill-defined set of issues to remain outside the domains of international law and cooperation, even when these issues jeopardized international stability and peace.[66] Many of these same internationalists, however, also recognized that a convincing charge of foreign interference could jeopardize the legitimacy of an existing international institution or doom the creation of a new one. There was no disputing that international cooperation required national governments to relinquish some freedom of action, just as they did when they signed a treaty. But interference went beyond this. It involved an external authority targeting the space within states, not the space between them.[67] Many internationalists writing during and after the First World War agreed that the first great experiment in international government—the Concert of Europe—had been doomed by its members' penchant for meddling.[68] A century before, such meddling had aimed to protect monarchical order and religious orthodoxy; now, the challenge was to stabilize capitalism itself.

The story told here focuses on how questions about sovereignty and interference became key to international political struggles about the world economy and its governance after the First World War. But similar questions were also crucial for issues of rights and humanitarianism. In debates at the Paris Peace Conference about whether the League of Nations could adopt robust protections for religious and ethnic minorities, some of the organization's architects worried that the degree of interfer-

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ence this would entail would jeopardize support for the League plans.[69] When Japanese delegates attempted to include explicit provision in the Covenant for promoting racial equality, or even watered-down claims about the "equality of Nations," British delegates framed their opposition to these efforts in terms of preventing unwanted interference in their domestic politics.[70] The question of women's rights and suffrage was similarly coded by delegates as a domestic issue that could not be opened to negotiation.[71]

The minority rights treaty regime that was established after the First World War was successful in turning some previously domestic questions about the treatment of nationals into issues of international concern, but only in a select number of places—primarily in new or recently defeated states in Central and Eastern Europe.[72] This treaty regime was frequently attacked by governments for enabling external supervision of their affairs and for the unevenness of its application. Its asymmetries were said to be a violation of sovereign equality and a humiliating burden for those states that were pressured into adopting its rules.[73] For more powerful countries, by contrast—particularly those with extensive segregationist regimes and exclusionary immigration policies—the doctrine of non-interference provided a tool for preventing external scrutiny of these policies. None of the Great Powers allowed their own national minority populations to be placed under international supervision after the First World War. These double standards continued for years. One of the reasons that the US designers of the United Nations (UN) insisted on a broad interpretation of the domestic jurisdiction clause in the UN Charter—which was modeled directly on the corresponding section of the League's Covenant—was to reassure southern senators that the inclusion of human rights language in the Charter would not expose Jim Crow laws to external challenge. This decision sparked fierce but ultimately unsuccessful efforts by African American political groups to overturn this clause.[74] The birth of the UN human rights regime, as several historians have shown, was accompanied by compromises that prevented its enforcement.[75]

As it turned out, there were few direct appeals to Article 15(8) of the League's Covenant in disputes between member states—and no successful ones.[76] But the principle of non-interference it formalized was constantly invoked, whether concerning economic issues or questions of rights—and often with significant effects. As we shall see, it provided a powerful and widely intelligible way for many different actors to prevent international institutions from reaching into areas where they were unwelcome. The

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