

Private and public initiatives in the Economic and Financial Organization of the League of Nations in the early 1920's

Yann Decorzant

Department of Economic History
University of Geneva
Switzerland

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The Economic and Financial Organization (EFO) of the League of Nations was set up at the end of 1920 following a recommendation of the Brussels financial Conference. Conceived as a platform of discussion and as a centralization centre for economic and financial information, the EFO turned out to be the first international body dedicated to international economic management. Structured around the economic and financial section of the secretariat, and composed of both an economic and a Financial Committee, the EFO was staffed by international civil servants as well as national civil servants together with experts coming from the private sphere, such as academics and private bankers. But whatever their provenance all those experts were elected by their governments for intervening on an informal basis. Working closely with the council of the League that they were supposed to advise on economic and financial questions, the committees were nevertheless quite independent. They could choose the subjects that they wanted to study and they were also free to contact external experts if they considered it as necessary.

The purpose of this paper will be to analyse the interactions inside this new international community of private and public experts. It will focus on the period going from the end of the First World War to the first operations of the EFO in the 1920's. During this period, one can find several experiences of this new private-public interaction. For example, the Conference of 1920 which is organized by the League of Nations was originally convened as a response to a petition sent to their government by more than an hundred individuals such as JP Morgan, Richard Vassar Vassar-Smith (*Lloyd Bank*) or Gerard Vissering (*Bank of the Netherlands*). In the same logic of public and private interaction, later on, in the committees of the League, well know bankers such as M. Wallenberg (*Stockholm Enskilda Bank*) or C. E. Ter Meulen (*Hope and Cie.*, Amsterdam) proved to be very active. How did they positioned themselves vis-à-vis their company, vis-à-vis their countries and vis-à-vis the institution? From the Inter-allied bodies of co-operation settled up during the war to the creation of the Economic and Financial Organization of the League of Nations at end of 1920, one can find actors animated by the will to overtake the national logic of economic management. How did these people, who came from the private as well as the public spheres, interact? Were they driven by the will of defending the interests of their respective countries, their companies or their corporative association? Or, on the contrary, did they work on the basis of genuine international cooperation? As the EFO constituted the first experience of economic and financial cooperation, there was not any working procedure yet defined and everything could be designed by the actors.

I. The First World War bodies and the development of the Inter-allied cooperation

At the end of the nineteenth century, the concept of economic cooperation had not spread. On the contrary, governments were generally reluctant to share information and to coordinate their economic policies, which were considered as a purely domestic question. Even if several monetary Conferences had been organized to manage the different regional monetary systems, such as the Latin Monetary Union, no general and worldwide coordination organization existed. The international organizations which were already effective, such as the Universal Postal Union or the International Telecommunication Union¹, were very specialized and dedicated to precise sectors. When governments accepted to collaborate, it was because there was a critical necessity of doing it and not because they considered it as a new way of managing the international relations.

For all that, the extent and the length of the First World War forced them to gradually change their viewpoint. In way of responding to the important requirements of food, capital and raw material necessitated by the war, all the belligerents had to reorganize their industrial, agricultural and financial system. Generally governments chose to reorganise the industry by sector. They favoured a close relationship with few privileged interlocutors. The Germans, who had already this kind of economic structure, were not very much disturbed by this reorganization. But this was not yet the case elsewhere. In France, for example, Louis Renault became the only spokesman with the government for a group made of different car companies. On that model, all the French industries structured themselves around a "chief of group" which had privileged relations with the State². Even in Great Britain the "business as usual"³ policy which was followed at the beginning had to be abandoned. As the war was going the *Ministry of Munitions* became step by step the administrative keystone of all the British wartime organization⁴.

¹ ALEXANDROWICZ, Charles Henry, *World Economic Agencies*, London, Stevens & Sons, 1962, pp. 1-35 and 35-62.

² HARDACH, Gerd, "La mobilisation industrielle en 1914-1918, production, planification et idéologie", in FRIDENSON, Patrick, Ed., *1914-1918, L'autre front*, Cahiers du "Mouvement Social, N°2, Paris, Les Editions Ouvrières, 1977, p. 91.

³ FRASER, Peter, "British War Policy and the Crisis of Liberalism in May 1915", in *The Journal of Modern History*, Vol. 54., No. 1. (Mar., 1982), p. 5.

⁴ TEAD, Ordway, "The War's Effects on English Trade Unions", in *The Journal of Political Economy*, Vol. 26, No. 2. (Feb., 1918), pp. 125-126; ⁴ HURSTFIELD, J., "The Control of British Raw Material Supplies, 1919-1939", *The Economic History Review*, Vol. 14, No. 1 (1944), p. 2

In all the belligerent countries, governments pushed to a rationalization of the production process and took the control of strategic sectors like communication and transport. In fact they organized and controlled for the first time the private economy which was arranged to serve the public needs.

On the international scene, the allied powers had also to follow gradually a policy of planning and cooperation. On the Allied side the first structures of coordination were created in 1914 and expanded inch by inch. After the setting up in August 1914 of a *Joint purchasing commission*⁵, the next important step was reached in 1916 with the establishment of an inter-allied committee for the common purchase of wheat⁶, commonly called the *Wheat Executive*, which became rapidly the model for designing all the other inter-allied coordination bodies. Globally these varied bodies seemed to have been relatively effective. The *Maritime Transport Executive*⁷, settled up in December 1917 was certainly the most efficient and successfully completed of all of them. Constituted by national experts delegated by their governments to coordinate the shipping, the *Maritime Transport Executive* soon became the central body of control of the entire Allied economic effort⁸. Directed by the French Jean Monnet, the Italian Bernardo Attolico, the American Georges Rublee and the British Arthur Salter, this body was conceived by themselves as an integrated international administration⁹. For those four national civil servants, it served as well as a war coordinating body as an experiment for potential future international organization. For that matter, in their memories, both Jean Monnet and Arthur Salter insisted on the important learning's contribution of the inter-allied bodies¹⁰. Coherently, after the war, Monnet, Salter and Attolico, would all accede to important positions in the League of Nations.

After the armistice, it was around the Supreme Economic Council, founded in February 1919 by France, Italy, Belgium, Great Britain and the United States that the economic cooperation organised itself. Mostly made up of ministers, its main function was to coordinate the

⁵ CLEMENTEL, Etienne, *La France et la politique économique interalliée*, Paris-New Haven, PUF-Yale University Press, Publication de la Dotation Carnegie pour la paix internationale, pp. 60-61.

⁶ HILL, Martin, *The Economic and Financial Organization of the League of Nations*, Carnegie Endowment for International Peace, Washington, 1946, p. 14; CLEMENTEL, Etienne, "La France et ...", p. 107, MONNET, Jean, *Mémoires*, Paris, Fayard, 1985, p. 66-67.

⁷ ORDE, Anne, *British policy and European construction after the First World War*, Cambridge, Cambridge University Press, 1990, p. 18; SALTER, Arthur, "Memoirs of a...", pp.112-113.

⁸ MONNET, Jean, "Mémoires", p. 79.

⁹ SALTER, Arthur, *Memoirs of a Public Servant*, London, Faber and Faber, 1961, p. 114; HILL, Martin, "The Economic and Financial ...", p. 15.

¹⁰ MONNET, Jean, "Mémoires", p. 66-67; SALTER, Arthur, "Memoirs of a...", 105-123.

distribution of resources necessary to the rebuilding of devastated zones and to ensure the access to raw materials and to goods useful for the reconstruction.

The Supreme Economic Council was a direct follow up of the efforts of strategic collaboration imposed by the war. Nevertheless, all the member States did not see it with the same perspective. During the war there were already clear differences of perspectives concerning the durability of the cooperation between, on the one hand the United States and Great Britain and, on the other, the French and the Italians. For the first ones, the control of goods and capital movements, which were occasionally accepted during the war, should stop as soon as the peace was achieved. On the contrary, France, driven particularly by his trade minister Etienne Clémentel¹¹, and Italy, were showing their will to see the cooperation and coordination continue afterwards. At the end of the conflict, positions did not evolve. The Anglo-Saxons stayed attached to their will of renewing as soon as possible with a complete free market, whereas the French and the Italians tried to convince them of the benefits of an extended collaboration. Finally, the lack of motivation of the Americans and the British made appeared the international collaboration meaningless.

On the international level, the relatively productive collaboration which had developed during the war seemed to break up quickly as the war ended. The traditional competition between nations appeared again to be the rule of the game and the cooperation seemed to have only been an abnormal exception.

¹¹ CLEMENTEL, Etienne, "*La France et ...*"; TRACHTENBERG, Marc, "'A New Economic Order': Etienne Clémentel and French Economic Diplomacy during the First World War", *French Historical Studies*, Vol. 10, No. 2. (Autumn, 1977), pp. 315-341.

II. The international petition of January 1920

Nevertheless, because of the economic context, things were finally going to evolve in an unpredictable way. Even if the war is over, the disturbed financial situation did not improve at the end of 1919 and in the first months of 1920. On the contrary, the currency fluctuations and the inflation problem seemed to worsen all around the world. In his PhD dissertation dedicated to "the International Monetary and Financial Conferences in the Interwar Period", Dean Traynor summarized the situation by these words,

"The European situation during the war years, then, was characterized by a lack of productivity, by monetary inflation, by heavy taxation, and by a great internal, as well as external, indebtedness. After the Armistice the vestiges of pre-war industrialism in Europe were scarcely discernible in the omnipresent economic and financial chaos and material ruin."¹²

To cope with this critical situation, in January 1920, more than an hundred of individuals belonging to the financial, economic, political and academics spheres of eight countries¹³ decided to present a petition to their governments requesting the immediate convocation of an international financial Conference¹⁴. Signed by well known people, such as the American bankers John Pierpont Morgan and Paul M. Warburg, the American delegate to the Supreme Economic Council Herbert Hoover, the Swiss President of the International Red Cross Committee Gustave Ador, the President of the *Bank of Netherlands* Gerard Vissering, the British former Chairman of the Supreme Economic Council, Lord Robert Cecil, the Swedish economist Gustav Cassel or the British President of the *Lloyds Bank*, Sir Richard Vassar Smith, this petition constituted a strong message from the private sector to national governments. To offer their initiative a maximal publicity, petitioners sent a copy of the memorandum to major newspapers such as the *New York Times* or the *Times* of London which, of course, published it right away.

¹² TRAYNOR, Dean E., M. A., *International Monetary and Financial Conferences in the Interwar Period*, Washington D. C., The Catholic University of America Press, 1949, p.43.

¹³ United States, Switzerland, Sweden, Norway, Great Britain, Denmark, France et Netherlands.

¹⁴ "Power to Confer on World Finance to Save Europe: simultaneous appeal made to Principal Nations to Call International Conference", *New York Times*, (1857-current file), Jan 15, ProQuest Historical Newspaper The New York Times (1851-2003).

The importance of the initiators forced the different governments to pay attention to the request and to quickly position themselves vis-à-vis a potential international Conference. Regarding the importance of the Great Britain in the international finance and, more generally, in world politics, the reaction of London was of course the most looked for. Up to that moment, British had shown a clear defiance concerning the development an economic international collaboration. However, the concern of the petitioners and the general bad shape of the world finance did not allow them to continue to refuse any form of international consultation. That is surely why, finally, despite its initial reluctance, the British government announced in February 1920:

"publicly that they would agree to take part in an International Financial Conference having the aim of studying the crisis of the exchange and the general financial standing, if this Conference was convened by a neutral State or the League of the Nations"¹⁵.

This move, which could be surprising given the past positioning of the British, could probably be partly explained by the will of the British government to maintain its leading role in the international economy. In 1920, in their mind, as well as in other governments' perception, London is the centre of the international finance and it is the responsibility of the Exchequer and of the Bank of England to ensure a correct functioning of the market.

After this public announcement, the prominent role that the British diplomats played within the League of Nations quickly made it possible the constitution of an advisory committee in charge of the organization of a future Conference. Constituted of thirteen experts assisted by four members of the secretariat of the League, it included private bankers such as the Swedish Marcus Wallenberg and the Argentine Carlos Tornquist, officials of the LON, such as the Frenchman Jean Monnet, Central Bankers such as the Dutchman Gerard Vissering and government representatives, such as the Japanese Kengo Mori or the Belgian Fernand Wouters-d' Opplinter. On the contrary of what happened in the Supreme Economic Council, the operating mode of the advisory committee was driven by a clear will to collaborate. These people coming from different backgrounds seemed more really anxious to work together. Obviously the pressure of the public opinion, the fear of a Bolshevik contamination of Europe and the severity of the situation forced States to question their economic sovereignty in way

¹⁵ *Procès verbal de la cinquième session du conseil de la Société des Nations tenue à Rome les 14 à 19 mai 1920, Annexe 50 Archives SDN, Genève, Conseil.*

of finding rapid solutions. Moreover, for the experts of the committee, in addition to the opportunity of expressing themselves on the international scene, the possibility of building bridges between private and public economy in a transnational perspective was a strong incentive to collaborate.

Besides this organizing Committee, the League of Nations hired five leading economists to study the technical documents received by the secretariat and to lay an individual preparatory memorandum. Those five memoranda¹⁶, along with a dozen of other documents and articles, were planned to be distributed as working paper in Brussels. The five experts recruited by the LON were the English A. C. Pigou, the Swedish G. Cassel, the French C. Gide, the Italian M. Pantaleoni and the Dutch G. Bruins. It seems that Walter Layton, the first director of the Economic and Financial section of the League secretariat had a total freedom for selecting the invited experts. He took care to invite famous economists, Pigou, Cassel and Gide, but he also respected a certain geographical distribution (two great allied powers, an average and two small neutral countries). He also chose experts from all ideological backgrounds. From Gides, who belonged to the cooperative school to Pantaleoni who was closely linked to the marginalists and resolutely liberal. As for the composition of the preparatory committee, equilibrium between the ideological differences and the national interest was thus privileged in order to allow all the States to feel represented in the debates of the Conference. Plunged in the crisis, the States had to gradually open themselves to the idea of a regular cooperation on subjects as significant as economy or finance.

¹⁶BRUINS, G. W. J., *Rapport N° XIII, Mémoire préparé en vue de la Conférence Financière Internationale de Bruxelles*, Londres, Harrisons and Sons Ltd., imprimé pour la SDN, 1920, Archives SDN, Genève, Intl. Financial Conference, R496/10A/140/139; CASSEL, Gustav, *Rapport N° XIII, Mémoire sur les problèmes monétaires du monde*, Londres, Harrisons and Sons Ltd., imprimé pour la SDN, 1920, p.2. Archives SDN, Genève, Intl. Financial Conference, R496, 10A/141/139; GIDE, C., *Rapport N° XIII, Notes sur la situation financière et monétaire*, Londres, Harrisons and Sons Ltd., imprimé pour la SDN, 1920, Archives SDN, Genève, Intl. Financial Conference, R496/10A/143/139; PANTALEONI, M., *Rapport N° XIII, Mémoire préparé en vue de la Conférence financière internationale de Bruxelles*, Londres, Harrisons and Sons Ltd., imprimé pour la SDN, 1920, Archives SDN, Genève, Intl. Financial Conference, R500/267/267; PIGOU, Arthur, Cecil, *Mémoire sur les Crédits, la Circulation et les fluctuations des Changes*, Imprimé pour la SDN, Harrisons & Sons, Londres, 1920, Archives SDN, Genève, Intl. Financial Conference.

III. The first major financial Conference of the League: Brussels 1920

Postponed several times due to conflict of interests with the political diary of the Allied the Conference took finally place in the chamber of the Belgian deputies in Brussels between the 24th of September and the 8th of October 1920. The Allied indeed required the right to negotiate the terms of German compensations before any public debate. As during summer no solution seemed to appear, eventually the organizers decided to purely and simply remove the compensation's subject of the Conference diary in way of letting it begin. In this case, the diplomatic weight of the Allied prevailed once again over the multilateral logic.

Thirty nine States attended the Conference. The eighty-six delegates represented their governments, but intervened on a purely private basis. They had been selected by their respective States, but their declarations engaged only themselves. This choice was made so as to encourage open debates. The discussed subjects were sometimes sensitive in political terms, and a technical approach conceived with a maximum of professionalism and a minimum of diplomatic control seemed to be the best way to obtain interesting solutions. Moreover, this choice of an apolitical approach responded to a request of several financial experts. One of them, the British editor of *The Economist*, Hartley Withers, interviewed by the *New York Herald*¹⁷ on February 1920, explained clearly that, for him, as useful could be a business men congress as useless or even harmful could be a meeting of only national civil servants embodied in their will to manage national interests.

During two weeks, specialists in economy and finance discussed the world's financial situation and sought remedies for its dysfunctions. To optimize the use of the time available, the organizers had chosen to create four commissions: the first one was devoted to the study of public finance, the second to international credit, the third to currencies and exchanges and the last one to trade. Alternating between plenary sessions and specialized commissions sessions, the Conference finally ended with the drafting by the chairman of a report addressed to the Council of the League of Nations and by the publication of global technical recommendations intended to all participating States. One of these recommendations, certainly the most innovative, required the setting-up within the League of Nations of "a permanent body dedicated to the economic and financial question to continue the joint study

¹⁷ Interview of Hartley Withers: *New York Herald*, le 23 février 1920, traduction Banque de France 1920, Archives de la Banque de France, Paris, Conférence Financière de Bruxelles, Presse, 1370200008/104.

of all economic and financial reality"¹⁸. The participants clearly appreciated the atmosphere of cooperation which prevailed in Brussels, the so-called "spirit of Brussels"¹⁹, and they wanted to see a continuation of this new working method of transnational reflection within the framework of the League of Nations. One can consider that up until the Brussels Conference, the idea of a multilateral organization dedicated to economic and financial cooperation was officially and publicly launched. What is really interesting is that this will emanated simultaneously from academics, from government representatives, from private bankers and from certain central bankers.

In fact, the Brussels assembly was really heterogeneous. A quantitative treatment of the professional distribution of the participants enables to get a better idea of the structure of the assistance. As shown by Figure 1: 59% of the participants were government officials²⁰; 15% were private bankers or representatives of corporative institutions of private bankers; 8% were international organizations' officials²¹; 5% represented different central banks; academics and manufacturers were both equal to 3% of the total; and, finally, by lack of information, it was impossible to categorize 9% of the participants.

	Bankers and Financial Institutions Officials (Private sector Experts)	Government Officials and Finance Ministers Civil Servants	Central bank's Representatives	Civil Servants working in International Organizations	Manufacturers	Academics	Uncategorizeds	Total
Chairman office	1	3	1	1	0	0	0	6
Delegates	16	64	6	0	0	0	0	86
Advisers	5	13	1	0	4	5	11	39
Delegates from Consulting States	0	3	0	0	0	0	0	3
Advisers from Consulting States	0	4	0	0	0	0	2	6
Consulting staff	0	0	0	7	0	0	0	7
Total	22	87	8	8	4	5	13	147
Total (%)	15	59	5	5	3	3	9	100

Figure 1

¹⁸ *Procès verbal de la dixième session du conseil de la Société des Nations tenue à Bruxelles du 20 au 28 octobre 1920*, Annexe 120 : Rapport présenté par M. Léon Bourgeois représentant de la France le 27 octobre. Archives SDN, Genève.

¹⁹ For example: « Look to League for credit plan », *New York Times*, (1857-current), Oct. 9, 1920, ProQuest Historical Newspaper The New York Times (1851-2003), p. 14.

²⁰ Among them, one can find: Prime Minister, Ministers of finance, Ministers of economy, Embassy Attachés or Senior Officials.

²¹ We can notice that all of them work in the advisory staff except the under secretary general Jean Monnet which is in chairman's staff.

Focusing now only on the principal actors of the debates, the delegates, (Figure 2), it appears that solely three groups remain: government officials (74%), private bankers (19%) and central bank’s representatives (7%). Among people who could publicly express themselves, government’s officials were thus the most significant group. The stakes were so important that even if the delegates acted on their names, the States wanted to be sure to be able to maintain a certain control on the debates. Nevertheless, the technicality of the debates and the will to support constructive discussions also obliged the governments to dispatch financial experts working in Ministers rather than diplomats who were not qualified. The challenge for the States was thus to respect a good balance between cooperation and diplomacy in the setting up of their delegations. In fact in a report to their Foreign Affairs Ministry, two of the French advisers, A. Siegfried and P. West, noticed that this repartition of the delegates created an atmosphere less solemn than usually in similar meeting, and was nearer to what one heard in a congress of economists²². The objective of privileging an atmosphere in favour of effective and consensual solutions seemed to have been reached.



Figure 2

²² SIEGFRIED, A., et WEST, P., *Rapport sur la Conférence Financière Internationale de Bruxelles*, Archives de la Banque de France, Paris, Conférence financière internationale de Bruxelles, 1060200109/33.

The low representation of central bankers, compared with the proportion of private bankers is relatively surprising. Several assumptions can be advanced to understand this. First, Central Banks were still largely independent and their representatives could not be completely directed by their respective government. Second, as it was the case with France²³, it could also have been the central banks Governors themselves who refused to delegate members of their staff. Either they wanted to affirm their independence with respect to the governmental delegates, either that they were afraid of being too much involved in a binding international cooperation. Lastly, the invitations of private bankers corresponded clearly to the request of certain economic and business circles, as it has already been shown with the example of Hartley Withers.

Finally, even if the majority of the recommendations which emanated from the Brussels Conference turned out to be relatively classical, it is surely important to insist on the fact that it constituted an important step in the building of the international economic cooperation system. The most important result was clearly not recommendations but the spirit which emanated from the meeting.

²³ *Correspondance entre M. Jean Avenol, délégué à la Conférence et inspecteur des finances et M. Robineau, gouverneur de la Banque de France du 6 octobre 1920*, Archives de la Banque de France, Paris, Conférence financière internationale de Bruxelles, 1060200109/33; SIEGFRIED, A., et WEST, P., "*Rapport sur la...*", Archives de la Banque de France, Paris, Conférence financière internationale de Bruxelles, 1060200109/33

IV. The Economic and Financial Organization of the League of Nations

The report of the Swiss Gustav Ador²⁴ was transmitted and presented to the Council of the LON in October 1920 by the French delegate Léon Bourgeois. The following months a series of meeting of the Council and the first Assembly of the LON made it possible the setting up of a provisional institutional structure, called *Provisional Economic and Financial Commission*. As some of the Member State, as the United Kingdom²⁵, did not agree to set up directly a permanent organization from the beginning and it remained thus firstly provisional.

The Economic and Financial Organization was constituted of a section belonging to the secretariat of the League of the Nations which gathered international civil servants working permanently in Geneva. It also included two committees of experts, the Financial Committee and the Economic Committee, which met with regular intervals either in Geneva, or in other European cities. The way of functioning of the Economic and Financial Organization was directly inspired by some of the practice experimented in the Brussels Conference. Thus, if the officials of the secretariat were full-time employees of the LON, the experts of the two committees were elected by their national governments but acted in their own name. As in Brussels, the composition of the committees included governmental officials, private bankers and central bank's representatives. It is interesting to note that several of them were already present in the national delegations in Brussels. Moreover, some worked already in the bodies of inter-allied cooperation during the war. Without any doubt there was an intellectual and functional continuity between the wartime cooperation bodies, the organizing committees of the Brussels Conference, the Conference itself and the Economic and Financial Organization.

The original composition of the two committees of 1920 showed noteworthy differences concerning the ratio of public or private experts. Among the ten elected members²⁶ of the

²⁴ *Procès verbal de la dixième session du conseil de la Société des Nations tenue à Bruxelles du 20 au 28 octobre 1920*, Annexe 120 : Rapport présenté par M. Léon Bourgeois représentant de la France le 27 octobre.

²⁵ CLAVIN, Patricia and WESSELS, Jens-Wilhelm, "Transnationalism and the League of Nations: Understanding the Work of its Economic and Financial Organisation", *Contemporary European History*, Vol. 14, 4 (Dec. 2005), p. 471.

²⁶ The first Economic Committee was composed of: Le Chevalier De Wouters D'Oplinter Fernand (Congressman, Belgium), Barboza-Carneiro Julio, A. (Commercial Attaché in London, Brazil), Foster, George, E., The Rt. Hon Sir, G.C.M.G. (Trade Ministry., Canada), Jensen Adolphe (Finance Ministry, Denmark), Serruys D. (Trade Ministry, France), Della Torre Luigi (Senator, Italia), Sekiba Teigi (Reparation's Commission delegate, Japan), Neculcea, Prof. (Reparations Commission delegate formerly Director of the Finance Ministry,

Economic Committee, all except one, the Swiss Henri Heer, were government officials²⁷. The initial Financial Committee²⁸ was radically differently composed, as it included five private bankers, three civil servants from finance ministers, one central bank's representative and one expert cumulating a public and a private function²⁹. How to explain this difference? Two hypotheses can be propounded. First, it is obvious that in 1920, exchange's and inflation's problems are very acute all around Europe. Most of the time the people who were the most able to manage them were professionals who worked directly in the financial sphere. It perhaps explains partially why, in Brussels as well as in the Financial Committee, a well mix of competence and of professional origins, more favourable to an empirical and effective approach was chosen. The second way of explanation is that, in the 1920's, trade policies were considered as very sensitive and as absolutely relevant of the national sovereignty by States. That is probably why governments didn't want to take the risk to be involved in a convention or study on the subject without having any control on it. Moreover, if leading experts for financial questions were often bankers, the best-placed experts for studying trade and economic policies worked generally in trade minister. In the interwar period, as trade problems were mostly linked to tariffs, it is obvious that the trade minister civil servants were frequently the better informed.

Nevertheless, it is sure that the two committees were thought to be efficient. Besides of bringing together specialists of finance and economics, they could count on the fact that the national civil servants who had been chosen by their governments where for the most of them senior officials in their respective countries. Even if their opinion did not engage formally their government, there were strong chances that it could be endorsed rather easily.

As shown, the first committees were quite different one and other. How did their respective compositions evolved?

Rumania), Llewellyn Smith Hubert, Sir (Economic adviser of the government, United Kingdom) and Henri Heer (Head of the Cooperative Society for the development of foreign trade, Switzerland).

²⁷ *Compte rendu des travaux de la Commission Economique et Financière Provisoire (première session), Genève novembre-décembre 1920*, Archives SDN, Genève, Comité Financier, PV et Documents, 1-3 Sessions, Nov. 20-Mars 21, v. 1349.

²⁸ The first Financial Committee was composed of: Strakosch Henry (Director of the *Union Corporation*, South-Africa, Tornquist Carlos, A. (*Tornquist Company*, Argentina), Lepreux Omer (Senator and VP of the *Belgian National Bank*, Belgium), Figueras J. (Director of the *Bank of Bilbao*, Spain), Avenol Jean (Finance Inspector, France), Balzarotti Federico Ettore Administrator of the *Credito Italiano*, Milan, Italia), Mori Kengo (Financial Commissioner in London, Japan), Blacket, B. C. B. (Finance Ministry, United Kingdom), Wallenberg Marcus, VP of the *Stockholm Enskilda Bank*, Sweden), Pospisil V., Dr., (Director of the *Praga Savings bank*, VP of the Administrative Comity of the banker office of the finance ministry in Paris, Czechoslovakia).

²⁹ *Compte rendu des travaux de la Commission Economique et Financière Provisoire (première session), Genève novembre-décembre 1920*, Archives SDN, Genève, Comité Financier, PV et Documents, 1-3 Sessions, Nov. 20-Mars 21, v. 1349.

The initial composition of the Economic Committee was based on a net superiority of the national civil servants. The two following figures show that this situation did not change a lot from 1920 to 1926. As presented on Figure 3, during the whole period, the public experts stayed clearly the majority. Even if in 1923 and 1924 there were three experts belonging to private companies, they represented a maximum of 30% of the whole committee. On average, between 1920 and 1926, the private experts stood only for 19% of the total of the committee.

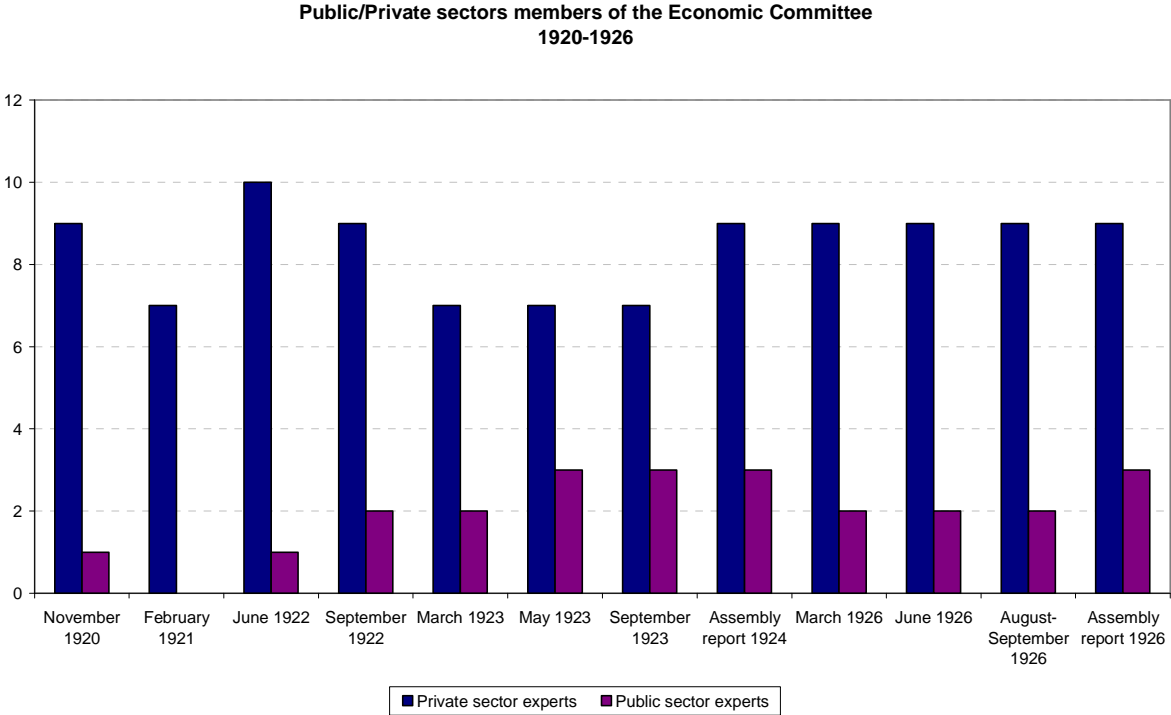


Figure 3

In the Financial Committee, in the first session the private and public experts ratio was quite equilibrate. And, the attendances' analyse from 1920 to 1926 corroborate this trade in the middle run. As shown on Figure 4, the balance between the two groups stayed relatively equal along the sessions. The averages of the period are: 46% of private experts, 41% of public experts and 13% of experts assuming a private as well as a public mandate.

To sum up this quantitative analysis, it is clear that there are two major trends regarding the constitution of the committees: the Economic Committee brought essentially together national civil servants whereas the Financial Committee was an area where public and private interests met themselves. What is really interesting in this balanced situation is that it shows the limit of governments' openness to international cooperation.

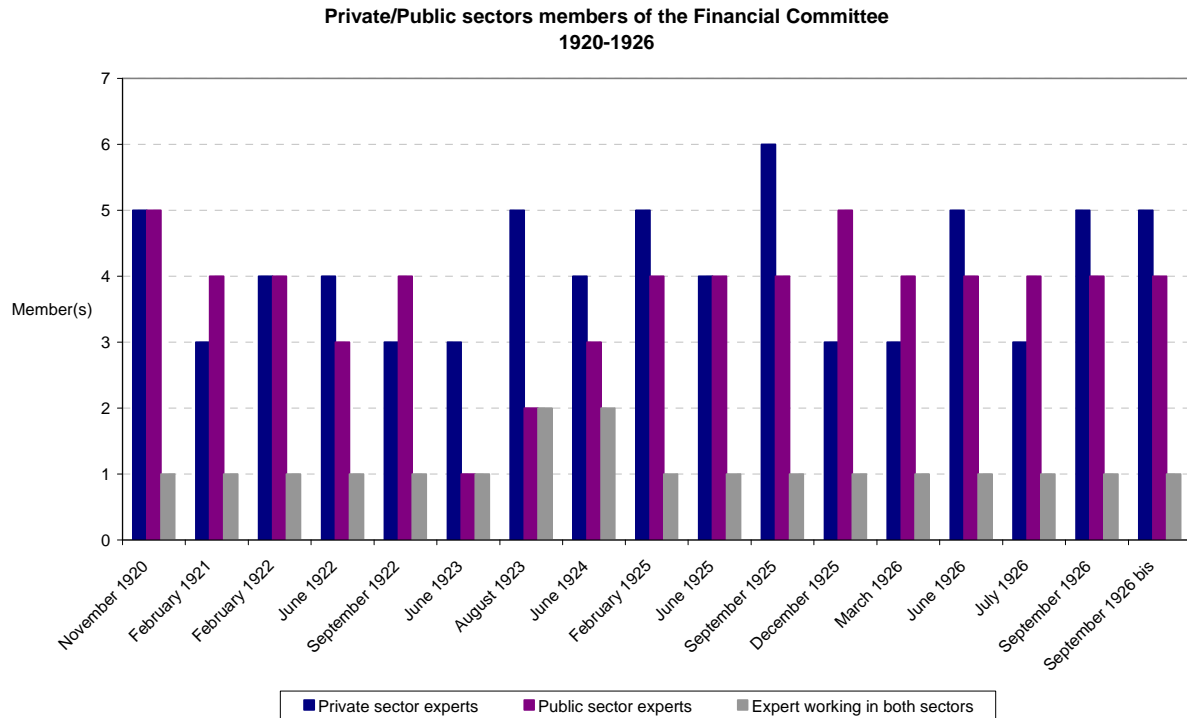


Figure 4

The dilemma for them was to select efficient experts but without risking of being involved further of their will. That is probably why States frequently chose private experts for the financial questions and preferred national civil servants for the highly sensitive commercial questions. Besides, this apparent concern is corroborated by the statistics of the attendance at committee sessions that the two major powers, France and Great Britain, almost never missed. The international cooperation at that level is something new in the interwar period and States discovered step by step how to manage this new kind of diplomatic exercise.

Conclusion

The Economic and Financial Organization was without any doubt the fruit of the international context. The complete disorganization of the world economy at the end of the war encouraged the States to put in question their way of perceiving the management of the international economy. They became aware of the links of interdependence which bound them. They began to perceive the importance and the interest that they could have to cooperate and the functional opportunities that a transnational institution like the League of Nations offered. Moreover, with the progressive introduction of the universal vote, they became more sensitized to the public opinion. It is interesting to notice that it was the stopping of the movement of globalization begun during the second part of the nineteenth century and not its forward motion that caused a reflexion to promote new tools of international study and regulation.

Nevertheless, the context should not veil the fundamental role that played during and after the war several actors convinced of the interest existing to create a body of economic cooperation. That they were economists, bankers, industrialists, Ministers of Finance, Governors of Central Banks, journalists or simple diplomats, it was them who created the opportunity, by their public standpoint or within their administrations, the creation of the Economic and Financial Organization. These people became aware that the disorganization induced by the war made it possible “to sell” to the States the concept of multilateral management of the economy and finance. Even if they came from different sectors and that they did not act with the same final interests, these actors perceived the benefits that they could withdraw while cooperating. Moreover, they had understood that the economic and financial problems of the world could not be perceived anymore within the simple national boundaries.

The study of the setting up of the EFO goes beyond the simple description of the creation of an international economic and financial body. It offers to historians a possibility to obtain an insider view of the initiation of a new way of thinking the international economic relations. More generally, watching the first year of works of the EFO enables scholars to catch the complex links that bounds actors, international context, national interests and functional needs in the establishment of all kind of international organization.

In that case, it is obvious than the appearance of a transnational community of experts whose economic and financial perception went beyond national interest is fundamental.

Notwithstanding, the fact that the private sector was very much concerned by the problems also played a major role. Without the lobbying of senior professionals such as J.P. Morgan, Sir R. Vassar Vassar Smith or major economists such as Gustav Cassel, it is not sure that the Brussels Conference and then the EFO would have ever existed. The international context and the actors played a major role, but the evolution of the economic theory should not be neglected either. The fact that well-known economists such as A.C. Pigou or C. Gide accepted to question the classical theory to find new responses to the world problems had also an impact on the creation of a new international framework.

To sum-up in conclusion, it is necessary to insist on the overlapping of those different elements in the explanatory factors of the creation of the EFO. Without the depressed economic context of the after-war there would have probably been no reason to discuss the creation of international cooperation bodies. And without the experience and the determination of people such as Monnet, Salter or even J.P. Morgan added to a new perception of the interweaving of the national economies by experts the concrete setting up of a new international administration would probably had been much more difficult. As ever in history, one can not reduce the understanding of an event to an only factor but it is necessary to link a bunch of cause to really comprehend it wholly.