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Is the Business of Business Business alone? The International Chamber of Commerce and the Origins of Global Business Diplomacy, 1920-1931

Rewert Hoffer

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Abstract

A growing literature emphasises the importance of non-state actors, both non-governmental organisations and corporations, in international relations since the late twentieth century. It is, however, often overlooked that business diplomacy and the influence of organised private actors on international economic relations has a much longer history. Relatedly, the workings of business associations that operated globally and represented more than one chamber of commerce have so far not been adequately analysed within the historical literature on business pressure groups. This dissertation will show that the businesspeople organised within the International Chamber of Commerce (ICC), founded in 1920, possessed a high degree of influence on financial and economic diplomacy in the 1920s. Key members of the Chamber participated in reparations negotiations and collaborated closely with the Economic and Financial Organisation of the League of Nations. Through these channels of influence, the ICC could become one of the most important agents of economic globalisation in the interwar period. An analysis of ICC primary sources from the 1920s will provide readers with a new interpretation of the determinants of transatlantic capital movements after the conclusion of the Dawes Plan, evidence for the early contributions of business to global governance, an actor-centred view on globalisation processes, and a more nuanced perspective on interwar business and economic history in general.

1. Introduction

In 1970, Nobel laureate Milton Friedman famously stated that, essentially, the business of business is business alone. Friedman argued that businesspeople cannot have social responsibilities beyond the limits of the corporation and that all desires of business to pursue political goals would cause greater damage than good.¹ The representatives of business associations, who founded the completely

¹ Milton Friedman, “The Social Responsibility of Business Is to Increase Its Profits,” *The New York Times*, September 13, 1970, accessed June 16, 2021, <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>.

private International Chamber of Commerce (ICC) in 1920, could not have disagreed more. The self-proclaimed “merchants of peace”² were naturally interested in topics that were of immediate concern to global business, like commercial arbitration, dismantling of trade barriers, or protecting private property. However, ICC members also wanted to contribute to international politics by offering its services to solve the most contentious political issues at the time: German reparations and worldwide financial and economic stabilisation.³ The Chamber was created, in the words of its first Vice-President, “free from motives for private gain”, and to build “a great structure of international goodwill”.⁴ Although the ICC as a whole and important individual members of the Chamber were highly influential in post-World War One economic diplomacy, its role in interwar diplomatic and economic history remains under-researched.⁵ In the following, I will demonstrate the oftentimes overlooked importance of the ICC in economic diplomacy during the 1920s and explain how internationally organised business could become one of the most important agents of economic and financial globalisation between 1920 and 1931.

Since the end of the Cold War, a growing literature has emphasised the rising power of multi-national companies (MNCs) in international relations and the increasing importance of business diplomacy in shaping globalisation processes.⁶ However, organised business was an influential actor in setting the rules of

² G. L. Ridgeway, *Merchants of Peace: Twenty Years of Business Diplomacy Through the International Chamber of Commerce* (New York: Columbia University Press, 1938).

³ Bob Reinalda, *The Routledge History of International Organizations from 1815 to the Present Day* (London, New York: Routledge, Taylor & Francis Group, 2013), 145.

⁴ International Chamber of Commerce, *The Record of the International Chamber of Commerce* No. 1. March 1921, LSE Library. HF294, 5.

⁵ Clotilde Druelle-Korn, “The Great War. Matrix of the International Chamber of Commerce, a Fortunate Business League of Nations,” in *The Impact of the First World War on International Business*, ed. Andrew Smith, Simon Mollan and Kevin D. Tennent (New York: Routledge Taylor & Francis Group, 2017), 115; Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, Massachusetts: Harvard University Press, 2018), 34.

⁶ See exemplary: John Mikler, “Global Companies as Actors in Global Policy and Global Governance,” in *The Handbook of Global Companies*, ed. John Mikler (Chichester: John Wiley & Sons Inc, 2013); Parag Khanna, *The World Economic Forum: An Anatomy of Multi-Stakeholder Global Policy-Making: Ph.D. Thesis Submitted at the London School of Economics and Political Science* (London, 2010), accessed April 10, 2021, <http://etheses.lse.ac.uk/2389/1/U615338.pdf>; Huub Ruël and Tim Wolters, “Business Diplomacy,” in *The SAGE Handbook of Diplomacy*, ed. Costas M. Constantinou, Pauline Kerr and Paul Sharp (Los Angeles: SAGE, 2016).

globalisation long before the most recent acceleration of worldwide economic integration since the 1990s. By analysing primary sources from the early history of the ICC, this dissertation will shed a new light on business diplomacy and the global history of business pressure groups, thereby scrutinising how the ICC became “a key institution in rebuilding (...) the ‘shattered world’ of the global economy” after the end of World War One.⁷ My following analysis will answer three fundamental questions: In which areas of global economic governance was the ICC most influential from its creation in 1920 until the beginning of the Great Depression? How did the Chamber influence economic and financial globalisation, i.e. how did it suggest and create certain regimes governing cross-border flows of capital and goods? What were the consequences of its actions in the interwar period?

In its first years, the ICC was most actively involved in the issue of reparations which was the biggest obstacle for economic reconstruction and political reconciliation after World War One.⁸ Further, the ICC worked closely together with the Economic and Financial Organisation of the League of Nations. The ICC, which was quickly labelled a “businessmen’s League of Nations”,⁹ was especially influential in the interwar period, because US representatives were dominant within the Chamber, while the US government never joined the actual League of Nations.¹⁰ Because the USA became a net creditor to the world after World War One, an unrivalled economic superpower, and due to the rise of US multinationals

⁷ Slobodian, *Globalists*, 34.

⁸ Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939* (Oxford: Oxford University Press, 1996), 127; Harold James, “Introduction: Interpreting the Great Depression,” in *The Interwar Depression in an International Context*, ed. Harold James and Elisabeth Müller-Luckner (München: Oldenbourg, 2002), X.

⁹ Monika Rosengarten and Carl-Ludwig Holtfrerich, “Economic Policy Positions and Influence of the International Chamber of Commerce During the Great Depression,” in James; Müller-Luckner, *The Interwar Depression in an International Context*, 35.

¹⁰ Thomas David and Pierre Eichenberger, “Business and Diplomacy in the Twentieth Century: A Corporatist View,” *Diplomatica* 2, no. 1 (2020): 55; Druelle-Korn, “The Great War. Matrix of the International Chamber of Commerce, a Fortunate Business League of Nations,” 116; Monika Rosengarten, *Die Internationale Handelskammer: Wirtschaftspolitische Empfehlungen in Der Zeit Der Weltwirtschaftskrise 1929-1939* (Berlin: Duncker & Humblot, 2001), 17–18.

in the 1920s, American membership in the ICC gave the Chamber more weight in international diplomacy.¹¹

A thorough analysis of the concrete ways how the ICC shaped economic diplomacy will provide readers with a more nuanced understanding of transnational business history during the interwar period, an actor-centred view on historical globalisation processes, and an account of the early contributions of organised business in “securing the world economy”.¹² In more detail, the analysis of ICC archival material will reveal why the effective seniority of private credit over governmental debt was included in the Dawes Plan, which led to the unsustainable transatlantic capital flows in the latter half of the 1920s, and contributed to the spread of the Great Depression to Europe in 1931.¹³ In this specific case, as well as in the general historiography of the interwar period, existing historical research remains deficient, as it focusses mainly on the analysis of supposedly objective national interests and relies on national archival material.¹⁴ The following analysis of ICC and League material during the 1920s will demonstrate how powerful “transnational interests” were forceful determinants of globalisation during the 1920s.

¹¹ This hope is also expressed by Viscount Birkenhead, the first Lord Chancellor of Great Britain, in his speech at the first Congress of the ICC, see International Chamber of Commerce, *Proceedings of the First Congress*. London, June 27 – July 1, 1921, LSE Library. HF 294, 32–33. On the US becoming a leader in aggregate economic output, global trade, and international lending after World War One, see: Adam Tooze, *The Deluge: The Great War and the Remaking of Global Order 1916-1931* (London: Penguin Books, 2015), 12–13; Eichengreen, *Golden Fetters*, 82; Derek Howard Aldcroft, *From Versailles to Wall Street, 1919–1929* (Berkeley: University of California Press, 1977), 240; On the expansion of American business abroad in the 1920s: Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (Cambridge, Massachusetts: Harvard University Press, 1974), 163.

¹² Patricia Clavin, *Securing the World Economy: The Reinvention of the League of Nations, 1920-1946* (Oxford: Oxford University Press, 2013).

¹³ Tobias Straumann, *1931: Debt, Crisis, and the Rise of Hitler* (Oxford: Oxford University Press, 2019), 12–14; Albrecht Ritschl, “The German Transfer Problem, 1920–33: A Sovereign-Debt Perspective,” *European Review of History: Revue européenne d'histoire* 19, no. 6 (2012): 944.

¹⁴ Ritschl enumerates some possible reasons for the priority of private credit, but does not mention the influence of the ICC: Ritschl, “The German transfer problem, 1920–33: a sovereign-debt perspective,” 953. Gomes and Straumann also claim that the seniority of private loans over reparations was one of the most important features of the Dawes Plan, but do not mention the role of the ICC either: Leonard Gomes, *German Reparations, 1919-1932: A Historical Survey* (London: Palgrave Macmillan, 2010), 155; Straumann, *1931*, 31–32. Tooze focusses almost entirely on the agency of national politicians in interwar history: Tooze, *The Deluge*.

In the following sections, I will contextualise the organisational structure and history of the ICC within the broader historiography of business associations and discuss my methodology and the primary sources which will form the basis of the ensuing analysis. Thereafter, I will first analyse the ICC's influence on the negotiations of the Dawes Plan and, second, demonstrate how closely the ICC worked together with the League of Nations. In the final section, I will explain why the influence of the ICC waned with the global spread of the Great Depression in the early 1930s, when globalisation "ended" or "collapsed".¹⁵

2. Organisational Structure of the ICC

At the time of its founding, the ICC, an organisation which exists until today, was made up of National Committees, which represented the most important business associations and corporations from the industrial and financial sector of the respective state.¹⁶ The National Committees could send delegates to the Council of the ICC, which administered the Chamber's affairs and was responsible for implementing the resolutions passed at the bi-yearly congresses. National Committees were a crucial channel of influence for the ICC, as their task was to lobby governments to adopt policies which would reflect ICC resolutions.¹⁷ The Council chose an executive committee of not more than twelve members, which assisted the President of the Chamber, who is also elected by the Council.¹⁸ The ICC Council consisted of three permanent members from the five founding countries – Belgium, France, Great Britain, Italy and the USA – and three from other National Committees.¹⁹ In addition to the National Committees, the ICC

¹⁵ Harold James, *The End of Globalization: Lessons from the Great Depression* (Cambridge, Mass: Harvard University Press, 2011); Robert W. D. Boyce, *The Great Interwar Crisis and the Collapse of Globalization* (Basingstoke: Palgrave Macmillan, 2009).

¹⁶ International Chamber of Commerce, *The Organization of the International Chamber of Commerce*. Brochure No. 20. 1922, LSE Library Archives Special. HF/E110, 9.

¹⁷ From the beginning, the most important resolutions were forwarded to the Prime Ministers and Foreign Secretaries of the five founding countries, see: International Chamber of Commerce, *The Record of the International Chamber of Commerce* No. 1. March 1921, 11.

¹⁸ International Chamber of Commerce, *The Organization of the International Chamber of Commerce*. Brochure No. 20. 1922, 8.

¹⁹ Chamber of Commerce of the United States of America, *International Chamber of Commerce. A Federation of the Industrial, Financial and Business Forces of the Principal Countries of the World*. 1920-21, LSE Library Archives Special. HF/B132, 12.

comprised Select Committees that dealt with specific topics. It was their task to prepare the group discussions at the congresses and work on possible implementations of the resolutions.²⁰

Membership in the ICC could take two forms – organisational or associate. Organisational membership was confined to business associations, which were united in National Committees. Associate membership was reserved for corporations and individuals.²¹ Only National Committees were allowed to vote within the ICC, associate members could participate in a consultative function at the congresses.²² Membership in the ICC expanded quickly. Two years after its creation, the ICC had overall 1000 members, 403 of which were organisational members and 593 associate members, while 15 National Committees already joined the Chamber.²³ Membership grew continuously and the most important business associations from all over the world met in the ICC, rendering it “one of the cornerstones of 20th century diplomacy.”²⁴

3. The ICC in the Context of the History of Chambers of Commerce

Chambers of Commerce were first formed in mid-eighteenth-century Europe, when global conflicts, like the Seven Years’ War (1756-63) and the American War of Independence (1775-81) disrupted crucial trading routes, and government interference in the economy and taxation increased. English merchants understood that they needed to organise collectively to influence legislation in their favour and respond appropriately to new challenges.²⁵ The first chambers

²⁰ International Chamber of Commerce, Proceedings of the First Congress. London, June 27 – July 1, 1921, 7.

²¹ Chamber of Commerce of the United States of America, International Chamber of Commerce. A Federation of the Industrial, Financial and Business Forces of the Principal Countries of the World. 1920-21, 17.

²² Rosengarten, *Die Internationale Handelskammer*, 41.

²³ International Chamber of Commerce, The Record of the International Chamber of Commerce No. 4. May 1922, LSE Library. HF294, 113–14.

²⁴ David and Eichenberger, “Business and Diplomacy in the Twentieth Century: a Corporatist View,” 51.

²⁵ Robert Bennett, *Local Business Voice: The History of Chambers of Commerce in Britain, Ireland, and Revolutionary America, 1760-2011* (Oxford: Oxford University Press, 2011), 16.

were mostly local and situated in large trading ports, while governmental centralisation during the nineteenth century demanded the creation of national business associations.²⁶

The first international conference of businesspeople took place in 1869, while regular conferences of national chambers of commerce were organised by a permanent committee in Liège, Belgium, from 1905 onwards.²⁷ At the 1919 conference of chambers of commerce in Atlantic City, it was decided to establish a formal organisation which should be a “continuously operating nucleus” for advancing the interests of business globally.²⁸ In June 1920, the ICC was founded in Paris.²⁹

The existing historical and theoretical literature on chambers of commerce and business pressure groups analyses chambers exclusively from a local, national, or comparative viewpoint.³⁰ The workings of business associations that operated globally and represented more than one chamber of commerce have so far not been adequately analysed.³¹ Like the exogenous shocks of the late eighteenth century that resulted in the formation of the first local chambers of commerce, World War One also represents a critical juncture in history which created the demand for a global association of businesspeople to influence politics on an international scale. At a time of worldwide political rupture, business took an increasing interest in global governance.

²⁶ Ibid., 7.

²⁷ Reinalda, *The Routledge History of International Organizations from 1815 to the Present Day*, 144.

²⁸ Rosengarten, *Die Internationale Handelskammer*, 31.

²⁹ Druelle-Korn, “The Great War. Matrix of the International Chamber of Commerce, a Fortunate Business League of Nations,” 105–6.

³⁰ See exemplary: Eugene Ridings, “Chambers of Commerce and Business Elites in Great Britain and Brazil in the Nineteenth Century: Some Comparisons,” *The Business History Review* 75, no. 4 (2001); Richard H. Werking, “Bureaucrats, Businessmen, and Foreign Trade: The Origins of the United States Chamber of Commerce,” *Business History Review* 52, no. 3 (1978); F. G. Castles, “Business and Government: A Typology of Pressure Group Activity,” *Political Studies* 27, no. 2 (1969); Bennett, *Local Business Voice*.

³¹ A notable exception that analyses the activities of a federated Chamber of Commerce in the context of British Imperialism in Africa is Ayodeji Olukoju, “The Pressure Group Activity of Federated Chambers of Commerce: The Joint West Africa Committee and the Colonial Office, C. 1903–1955,” *African Economic History* 46, no. 2 (2018).

During the war, governments imposed heavy restrictions on production, finance and trade, while they also co-opted existing chambers of commerce to attain a tighter grip on the economy.³² This increased collaboration between organised business and politics was one of the most pronounced legacies of the war in the industrialised countries of Europe and North America.³³ The 1920s were thus the decade of “corporatism”, during which policy making shifted away from parliaments to bilateral negotiations between ministries and business interest groups.³⁴ The need to extend this corporatist collaboration onto a global scale after the war is reiterated by Lucien Dior, the French Minister of Commerce, at an address to the ICC in 1921:

“Thirty years of practical experience as a man of business have convinced me that collaboration between governments and businessmen is the only effective means of getting things done. Such collaboration is impossible without an organisation which not only will afford opportunity for the free interchange of views between leaders of finance, industry and commerce throughout the world, but also will serve as the mouth-piece by which businessmen may make their views known to their governments.”³⁵

Further, the war fundamentally transformed the manufacturing landscape in Europe, which experienced the spread of American MNCs. US foreign direct investment in Europe increased from \$2.7 billion to \$3.9 billion between 1914 and 1919.³⁶ Especially prominent members of the large American National Committee of the ICC, such as the head of General Electric (GE) and the Radio Corporation of America (RCA), Owen D. Young, expanded their business hugely in Europe during the 1920s, and were thus highly dependent on the provision of knowledge about foreign rules and regulations and the joint lobbying efforts by the ICC.³⁷

³² Bennett, *Local Business Voice*, 38; Tooze, *The Deluge*, 199.

³³ James, *The End of Globalization*, 114.

³⁴ Charles S. Maier, *Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade After World War I* (Princeton: Princeton University Press, 1975), 10; Michael J. Hogan, “Corporatism,” in *Explaining the History of American Foreign Relations*, ed. Frank Costigliola and Michael J. Hogan (New York, NY: Cambridge University Press, 2016), 43.

³⁵ International Chamber of Commerce, *The International Chamber of Commerce in 1921*. Digest No. 9. 1921, LSE Library Archives Special. FOLIO FHF/68, 1.

³⁶ Wilkins, *The Maturing of Multinational Enterprise*, 30–31.

³⁷ General Electric was especially present in Germany. It purchased \$11 million in Siemens, the second-largest electrical company in Germany during the 1920s and bought a substantial

Moreover, the outcome of the war produced new nation-states and tariff barriers, while the Bolshevik revolution in Russia and the wartime prohibitions on foreign ownership throughout Europe led to numerous expropriations, and the abandonment of the pre-war gold standard rendered exchange rates less stable and cross-border trade more difficult.³⁸ All this made international business riskier and reinforced the need for business to influence government policies and for the creation of an organisation which was able to represent the general interests of the global business community.³⁹ In sum, World War One undermined the foundations of the liberal global economy of the nineteenth century, while, simultaneously, “governments and societies of Europe were interlocked as never before”, due to reparations and the vast accumulation of international debts during the war.⁴⁰ The existing literature on chambers of commerce has highlighted how certain historical developments supported the creation of local and national chambers of commerce, while the global scale of connections between business and politics from 1920 onwards remains under-researched.

4. Previous Works on the ICC

There are only three published books that were written specifically on the history of the ICC. One is a German dissertation by Monika Rosengarten which focusses on the economic policy positions of the ICC during the Great Depression, the second is the book “Merchants of Peace” by G.L. Ridgeway.⁴¹ The latter is solely descriptive and sympathetic to the Chamber. Ridgeway was commissioned by the Carnegie Foundation to write the book in 1938.⁴² The third book, also in German, takes a cultural angle on the history of the ICC and deals with the discursive

minority holding in AEG, the largest electrical manufacturer in Germany in 1929, see *ibid.*, 67-68.

³⁸ Geoffrey Jones, *Multinationals and Global Capitalism: From the Nineteenth to the Twenty-First Century* (Oxford: Oxford University Press, 2005), 203; Slobodian, *Globalists*, 21; Eichengreen, *Golden Fetters*, 20.

³⁹ Geoffrey Jones, “Firms and Global Capitalism,” in *The Cambridge History of Capitalism: Volume 2: The Spread of Capitalism: From 1848 to the Present*, ed. Larry Neal and Jeffrey G. Williamson (Cambridge: Cambridge University Press, 2014), 179.

⁴⁰ Tooze, *The Deluge*, 251.

⁴¹ Rosengarten, *Die Internationale Handelskammer*; Ridgeway, *Merchants of Peace*.

⁴² Rosengarten, *Die Internationale Handelskammer*, 20–21.

construction of “Business Statesmanship” and temporality by the ICC.⁴³ Additionally, Shane Tomashot wrote an unpublished dissertation about the early history of the ICC in which he analyses the influence of its members on post-World War One political economy but does not discuss the Chamber’s contribution to the Dawes Plan in great detail.⁴⁴ Moreover, several journal articles on the work of the ICC were published, which either do not rely extensively on primary sources published by the ICC or do not focus on the interwar period.⁴⁵ Further, Michelle d’Alessandro pointed to the collaboration between the League and the ICC and Clotilde Druelle-Korn wrote a chapter in which she highlights the importance of the ICC as an actor in the interwar period.⁴⁶ Both do not analyse ICC primary sources and Druelle-Korn emphasises that there is much need for additional research.⁴⁷

Previous research on the ICC as a diplomatic actor in the interwar period remains scarce, especially given the Chamber’s eminent importance during that time. There are only few analytical works based on primary sources by the ICC, which focus on the early history of the Chamber. Additionally, in influential works on the history of German reparation regimes or the economic work of the League of Nations, the influence of the ICC is not discussed.⁴⁸ A primary source-based

⁴³ Susanne-Sophia Spiliotis, *Die Zeit Der Wirtschaft: "Business Statesmanship" Und Die Geschichte Der Internationalen Handelskammer* (Göttingen: Wallstein Verlag, 2019).

⁴⁴ Shane R. Tomashot, *Selling Peace: The History of the International Chamber of Commerce, 1919-1925: Dissertation, Georgia State University* (2015), accessed June 19, 2021, https://scholarworks.gsu.edu/history_diss/43/.

⁴⁵ Kurt Wilk, “International Organization and the International Chamber of Commerce,” *Political Science Quarterly* 55, no. 2 (1940); Dominic Kelly, “The International Chamber of Commerce,” *New Political Economy* 10, no. 2 (2005); David and Eichenberger, “Business and Diplomacy in the Twentieth Century: a Corporatist View”

⁴⁶ Michele d’Alessandro, “Seeking Governance for World Markets: The League of Nations Between Corporatism and Public Opinion, 1925-1929,” *European Business History Association - XIth Annual Conference*, 2007, accessed December 29, 2020,

<https://ebha.org/ebha2007/pdf/Alessandro.pdf>; Michele d’Alessandro, “Global Economic Governance and the Private Sector: The League of Nations’ Experiment in the 1920s,” in *The Foundations of Worldwide Economic Integration: Power, Institutions, and Global Markets, 1850-1930*, ed. Niels P. Petersson and Christof Dejung (Cambridge: Cambridge University Press, 2013); Druelle-Korn, “The Great War. Matrix of the International Chamber of Commerce, a Fortunate Business League of Nations”

⁴⁷ Druelle-Korn, “The Great War. Matrix of the International Chamber of Commerce, a Fortunate Business League of Nations,” 115.

⁴⁸ See for example: Albrecht Ritschl, *Deutschlands Krise Und Konjunktur 1924-1934: Binnenkonjunktur, Auslandsverschuldung Und Reparationsproblem Zwischen Dawes-Plan Und*

analysis of ICC records from the vantage point of transnational history will thus close important gaps in interwar economic and business history.

5. Concepts and Approach

5.1 Transnational History of Business Diplomacy

This dissertation is based on the methodologies of transnational and global history and relies on an interdisciplinary approach. In contrast to international history, transnational history is transcending the nation-state and investigating how non-state actors like companies and NGOs have shaped global processes through the choice of its research unit and archival material.⁴⁹ The history of globalisation focusses on concrete actors and how they were involved in setting up and implementing certain circulatory regimes, i.e. the structures that enhanced or controlled different kinds of flows across borders.⁵⁰ Such an approach, which transcends common spatial formats and analyses archival material beyond national provenience, allows for a demystification of globalisation, which is then not seen as a disembodied natural force, but shaped by tangible actors that pursue specific “globalisation projects”.⁵¹

Multinational firms have been the most important drivers of globalisation since the nineteenth century.⁵² Hence, a conceptual and methodological approach that centres its analysis on the specific agency of a global business association in shaping cross-border flows of capital and goods “will allow for (...) more relevant

Transfersperre (Berlin: Akademie Verlag, 2002); Gomes, *German Reparations, 1919-1932*; Clavin, *Securing the World Economy*.

⁴⁹ Sebastian Conrad, *What Is Global History?* (Princeton: Princeton University Press, 2017), 44–45.

⁵⁰ Pierre-Yves Saunier, “Globalization,” in *The Palgrave Dictionary of Transnational History*, ed. Akira Iriye and Pierre-Yves Saunier (New York: Palgrave Macmillan, 2009), 460.

⁵¹ Claudia Baumann, Antje Dietze, and Megan Maruschke, “Portals of Globalization – an Introduction,” *Portals of Globalization in Africa, Asia, and Latin America. Double special issue of Comparativ. Zeitschrift für Globalgeschichte und vergleichende Gesellschaftsforschung* 27, 3-4 (2017): 10.

⁵² Marten Boon, “Business Enterprise and Globalization: Towards a Transnational Business History,” *Business History Review* 91, no. 3 (2017): 519; Jones, “Firms and global capitalism,” 169.

perspectives on the history of globalization and global change.”⁵³ The ICC borders diplomatic, economic and business history and can only adequately be grasped from an interdisciplinary point of view.⁵⁴ Thus, beyond a transnational lens on business history, my research is informed by current discussions in International Relations about the supposedly recent emergence of big business as a diplomatic actor, and a theoretical approach which emphasises “*actor- and relations-centred* perspectives on state and corporate power in the global system”.⁵⁵ My analysis will similarly be focussed on the agency of the ICC as a representative of global business, and will situate the Chamber’s actions in the relational web it forged with governments and the League of Nations. For the purposes of this dissertation, this definition of “business diplomacy” is the most valuable, as it highlights the agency of business in shaping globalisation, which is oftentimes only told as a story of anonymous price convergence.⁵⁶

An investigation of the ICC’s involvement in interwar international relations thus sheds a new light on the global scale of chambers of commerce’s influence on politics and historicises concepts like business diplomacy in International Relations. It further illuminates dynamics of globalisation by emphasising the historical agency of transnational actors through analysing ICC archival material which has seldomly been evaluated before.

5.2 Discussion of Primary Sources

The following analysis is based on various publications and conference proceedings of the ICC as well as material from the Economic and Financial Organisation of the League of Nations. The ICC published various kinds of documents and made the proceedings of their congresses available to the public after each meeting. The proceedings of the congresses and of international conferences in which the ICC

⁵³ Boon, “Business Enterprise and Globalization: Towards a Transnational Business History,” 534.

⁵⁴ Druelle-Korn, “The Great War. Matrix of the International Chamber of Commerce, a Fortunate Business League of Nations,” 103.

⁵⁵ Milan Babic, Jan Fichtner, and Eelke M. Heemskerk, “States Versus Corporations: Rethinking the Power of Business in International Politics,” *The International Spectator* 52, no. 4 (2017): 22.

⁵⁶ Jeffrey Williamson, “Globalization, Convergence, and History,” *The Journal of Economic History* 56, no. 2 (1996).

participated are the most important primary sources which will inform my analysis. They not only show which resolutions were passed, but also give an intimate account of the decision-making process and divergent attitudes, thereby providing a valuable perspective on the ideas which influenced ICC actions and how others responded to them.

Furthermore, the ICC published Digests, Brochures, the “Record”, and, from 1924 onwards, “The Journal of the International Chamber of Commerce”, which was later called “World Trade”. ICC Digests were published to provide information on specific topics in a “concise manner”, the “Record” should give an overview of the activities of the ICC and its National Committees to inform the public, while Brochures dealt with specialised subjects and were targeting ICC member organisations.⁵⁷ There are some gaps concerning the availability of archival material. For example, I could not access the full proceedings of the 1925 congress of the ICC. I have, however, analysed speeches, resolutions passed at the congress, brochures aiming at specific topics discussed at the congress, and reports by organisational members, which allowed me to grasp the most relevant points of discussion, especially concerning the question of reparations settlements.⁵⁸ The analysis is further buttressed by secondary literature on ICC members, for example biographies, memoirs and the official history of the ICC, “Merchants of Peace”.⁵⁹ My analysis will thus include primary documents by the ICC which were deemed for publication, others which were only aimed at the information of ICC members, and contemporary third-party assessments of the contributions of ICC

⁵⁷ International Chamber of Commerce, *The Organization of the International Chamber of Commerce*. Brochure No. 20. 1922, 10.

⁵⁸ See for example: International Chamber of Commerce, *Third Congress of the International Chamber of Commerce*, Brussels. 21-27 June 1925, United Nations Archives Geneva. R389/10/42952/24789/Jacket 1; Parker Gilbert, *Address of Mr. Parker Gilbert, Agent General for Reparation Payments, before the International Chamber of Commerce, at Brussels. June 25, 1925*, LSE Library Store Pamphlets. CHAT F4/195; International Chamber of Commerce, *Progress in Economic Restoration*. Brochure No. 38. Third Congress. June 21-27, 1925, LSE Library. HC57 I61; Commerce and Marine Commission of the American Bankers Association, *The Problems of Economic Restoration Developed by the World War. As brought forward at the Third General Conference of the International Chamber of Commerce, held at Brussels. June 1925*, LSE Library Archives Special. D(4)/D39.

⁵⁹ Ridgeway, *Merchants of Peace*; Ida M. Tarbell, *Owen D. Young: A New Type of Industrial Leader* (New York: Macmillan Press, 1932); Arthur Salter, *Memoirs of a Public Servant* (London: Faber and Faber, 1961).

members to international negotiations. During my analysis, I will keep the differences between the respective kinds of documents in mind and assess all primary sources critically in their historical context.⁶⁰

In addition, I consulted the United Nations Archive which is providing digital access to most of the archival material of the League of Nations through its “Total Digital Access to the League of Nations Archives Project” (LONTAD). Because of the close cooperation between the League and the ICC, many ICC documents are also accessible through the League archives and the material reveals the institutional connections between League and ICC.

6. Financial Globalisation Before and After World War One

The outbreak of World War One in 1914 is commonly interpreted as the end of the first era of globalisation, defined as the transatlantic convergence of wages and prices, which began in 1870.⁶¹ By the turn of the twentieth century, the economically most important countries adhered to the gold standard, which created a system of fixed exchange rates that fostered trade. Interest rates across countries converged and capital flows were relatively free. World War One broke the credibility of the gold standard, economic policies were increasingly oriented at political goals, while capital controls and competitive devaluations of currencies became more common.⁶² The gold standard lost its credibility after the war because central bank cooperation did not pick up again and because the war strengthened organised labour, which meant that monetary policies could not only be directed towards a stable balance of payments but also had to consider issues such as unemployment.⁶³ Sir Arthur Salter, the first head of the Economic and Financial Section at the League’s Secretariat, who worked closely together with

⁶⁰ On source criticism and the crucial difference between confidential and published sources, see: John Tosh, *The Pursuit of History: Aims, Methods and New Directions in the Study of History* (London: Routledge, 2015), 80; *Ibid.*, 100–101.

⁶¹ Williamson, “Globalization, Convergence, and History,” 282.

⁶² Maurice Obstfeld and Alan M. Taylor, “Globalization and Capital Markets,” in *Globalization in Historical Perspective*, ed. Michael D. Bordo, Alan M. Taylor and Jeffrey G. Williamson (Chicago, Ill., London: University of Chicago Press, 2003), 124–26.

⁶³ Eichengreen, *Golden Fetters*, 9.

the ICC, summed up the nostalgia of many leading technocrats and businesspeople about this seemingly lost age of globalisation at the dawn of the Great Depression: “By comparison with 1929, the world of 1913 seemed to most of us a paradise from which we had for a time been excluded by a flaming sword.”⁶⁴ Just like Salter, the members of the ICC did everything they could to return to the lost paradise of free trade and unfettered capital mobility.

6.1 ICC Positions on International Finance and the Ter Meulen Scheme

Almost all countries experienced unprecedented inflation rates in the immediate post-war years, when reconstruction began, demand surged, and many countries continued to pursue loose financial policies.⁶⁵ Thus, in its early years, the ICC devoted all its resources “to the recovery of the equilibrium of the exchanges upon which commerce and international credit, in fact, the restoration of the world, depends”, as Etienne Clementél, the founding president of the ICC, proclaimed at the Chamber’s first congress.⁶⁶ From its inception onwards until the outbreak of the Great Depression, the ICC recommended four principal remedies to return to pre-war financial globalisation: central bank cooperation, a return to the gold standard, balanced budgets, and dismantling barriers against the mobility of capital and goods.⁶⁷

The Ter Meulen scheme, named after the Dutch banker who designed it, was a reconstruction plan for Austria, and it was first presented at the 1920 Brussels Finance Conference. It serves as an interesting example of the early work of the ICC, as it already reveals the fundamental principles that the ICC subscribed to in financial matters, which also guided its work on the reparations question. The Ter Meulen scheme was discussed at the first congress of the ICC in 1921 and both

⁶⁴ Salter, *Memoirs of a Public Servant*, 193.

⁶⁵ Tooze, *The Deluge*, 355; Aldcroft, *From Versailles to Wall Street, 1919–1929*, 247–48.

⁶⁶ International Chamber of Commerce, *Proceedings of the First Congress*. London, June 27 – July 1, 1921, 38.

⁶⁷ International Chamber of Commerce, *The Finance Commission at the Genoa Conference*. Digest No. 22. 1922, LSE Library Archives Special. FOLIO FHJ/72, 1–2; Leo Pasvolsky, *The Necessity for a Stable International Monetary Standard. A Memorandum Prepared for the Seventh General Congress of the International Chamber of Commerce*. 1933, LSE Library Archives Special. HG/1235, 54.

its principal organisers, Ter Meulen and Drummond Fraser, were members of the ICC and present at the first congress.⁶⁸

The plan entailed an international credit system with strings attached, an early form of a structural adjustment programme. Ter Meulen bonds should act as a security for traders in crisis-ridden countries such as Austria and spur investor confidence to direct long-term private credit to the country. The bonds are issued by the government against Austrian customs revenue and mortgaged to the real property of the country, while Austria must pay interest of four percent to the foreign owners of these bonds.⁶⁹ The Ter Meulen bonds could only be used to import production goods and the countries which would be supplied with the bonds were obliged to return to the gold standard, balance their budget “within a reasonable period” and remove “all hampering commercial restrictions”.⁷⁰ Furthermore, the public finances of the debtor country “would come under control of the International Commission, whose duty it would be to constitute a sinking fund”.⁷¹

Interestingly, the ICC imagined that not the creditor states, but the League of Nations should act as the supervisor of the whole plan.⁷² In the eyes of the ICC members, the Financial Section of the League was a benevolent institution, which was mostly guided by technocratic expertise instead of national interest.⁷³ The ICC unanimously supported the Ter Meulen Scheme at its first congress and further recommended the establishment of a committee of businessmen from its

⁶⁸ International Chamber of Commerce, *Proceedings of the First Congress*. London, June 27 – July 1, 1921, 50.

⁶⁹ *Ibid.*, 63–64.

⁷⁰ International Chamber of Commerce, *The Record of the International Chamber of Commerce* No. 4. May 1922, 131.

⁷¹ International Chamber of Commerce, *Foreign Exchange*. Brochure No. 6. First Congress, London. June 27 – July 1 1921, LSE Library Archives Special. HG/E423, 13–14.

⁷² Tomashot, *Selling Peace: The History of the International Chamber of Commerce, 1919-1925*, 71.

⁷³ International Chamber of Commerce, *The Utilization of the Ter Meulen Plan for the Economic Reconstruction of Europe*. Digest No. 24. June 1922, LSE Library Archives Special. FOLIO FHJ/73, 3.

own ranks which should cooperate with the League, “to furnish all information and to lend all assistance in the choice of credits and participations”.⁷⁴

In the end, the Ter Meulen scheme was not accepted at the Brussels Finance conference, despite the support of the ICC. Creditor nations, such as the USA, were not ready to contribute to the collective supervision of the plan.⁷⁵ However, the plan still reveals which convictions guided ICC recommendations and how it tried to push its agenda internationally. The ICC tried to forge close relations with the League to attain its goals, by positioning its members at important posts. Both Drummond Fraser and Ter Meulen, the organisers of the credit scheme, were members of the ICC and worked for the League simultaneously.⁷⁶ The same also applies to the famous Swedish economist Gustav Cassel, who was an important ICC expert on international finance and early contributor to the economic work of the League.⁷⁷ Further, the discussions about the Ter Meulen scheme show why the League is the preferred partner of the ICC. ICC members were critics of “excessive” national sovereignty, and the barriers against the “movement of travellers, of capital and of goods”, which were erected by new nation-states after the end of World War One.⁷⁸ Just as Austrian School economists like Ludwig von Mises, who worked closely together with the ICC, the Chamber saw the League as the prime vehicle to impose a global institutional order which should safeguard private property and allow for the smooth circulation of goods and capital around the world, which was impeded by national regulation.⁷⁹ The principal task of the ICC was to make “Europe safe for investors”, by curtailing political interference into economic life as far as possible.⁸⁰ This explains the ICC’s preference for the

⁷⁴ International Chamber of Commerce, Proceedings of the First Congress. London, June 27 – July 1, 1921, 65.

⁷⁵ Reinalda, *The Routledge History of International Organizations from 1815 to the Present Day*, 253.

⁷⁶ International Chamber of Commerce, Proceedings of the First Congress. London, June 27 – July 1, 1921, 52–55.

⁷⁷ Clavin, *Securing the World Economy*, 19.

⁷⁸ Roger Conte, The Economic Rapprochement of Peoples, January 1930, LSE Library Archives Special. HF294. in *World Trade*, Volume 2, No. 1. 16–27, 17.

⁷⁹ Slobodian, *Globalists*, 8–9. Ludwig von Mises was the Austrian representative to the ICC, see Slobodian, *Globalists*, 36.

⁸⁰ Ridgeway, *Merchants of Peace*, 147.

League as a supervisor and the stringent conditions of the Ter Meulen scheme, which would have severely curtailed the political room for manoeuvre of nation-states. Finally, the deliberations of the ICC on the financial reconstruction of Austria prepared important ICC members for the formulation of a solution for the biggest problem in international finance during the interwar period: reparations.⁸¹

6.2 The Struggle about Reparations up until the Dawes Plan

To finance the war, the Entente borrowed massively from the United States. Until the armistice, Britain took on \$3.7 billion in American loans, France \$2 billion, and Italy approximately \$1 billion. Especially France continued to borrow from the USA on a large scale after the end of the war.⁸² The US refused to cancel some of the outstanding debt, which, inter alia, steered France in the direction of demanding harsh reparations from Germany.⁸³ The total of reparations surmounted to 132 billion Reichsmark or 32 billion US Dollars in 1921, amounting to 300 per cent of German GDP at the time.⁸⁴

Because the final reparations bill was much higher than the expected 80 billion Reichsmark, German citizens reacted with a tax boycott, while the central bank lowered interest rates to decrease borrowing costs at the price of inflation.⁸⁵ Germany only delivered a bare minimum to the allies, who responded with the occupation of the Ruhr in 1923 to enforce reparation payments.⁸⁶ The occupation resulted in passive resistance by the German workers in the Ruhr and no side, neither France nor Germany, could claim substantial victory. Hence, France agreed to the proposition of US Secretary of State, Charles Hughes, to let independent experts work out the reparations problem. As a result, on 30 November 1923, two reparations committees were appointed, staffed with

⁸¹ Ibid., 184.

⁸² Up until early 1922, the French total net debt to the US amounted to \$ 3,5 billion, see Tooze, *The Deluge*, 302

⁸³ Eichengreen, *Golden Fetters*, 128 The long-term economic weakening of the German economy was another reason for the magnitude of the reparation demands, see Ritschl, "The German transfer problem, 1920–33: a sovereign-debt perspective," 945.

⁸⁴ Ritschl, "The German transfer problem, 1920–33: a sovereign-debt perspective," 945; Eichengreen, *Golden Fetters*, 131.

⁸⁵ Ritschl, "The German transfer problem, 1920–33: a sovereign-debt perspective," 950.

⁸⁶ Tooze, *The Deluge*, 442–43.

reputable international businessmen. The Dawes and McKenna committees started their work in January 1924 and the Dawes Plan, which would settle Germany's reparations up until 1929, was published on 9 April 1924.⁸⁷

6.3 The ICC and the Dawes Plan

The Dawes Plan entailed a new publicly endorsed loan to boost investor confidence and the installation of a Transfer Committee, led by the Agent General for Reparations to supervise the transfer of payments and keep the German currency stable.⁸⁸ Most importantly, the Dawes Plan made Germany's foreign transfers conditional on its capacity to pay, inscribed in the so-called "transfer protection clause".⁸⁹ The clause implied that the repayment of commercial credit ranked ahead of reparation payments: If foreign exchange would only be available for the payments of interest on commercial debt, but not anymore for the transfer of reparations, then only the former would be paid by Germany.⁹⁰ Consequently, German corporations and the public sector experienced a massive influx of private capital, and Germany could pay its reparations solely through recycling private credit.⁹¹ The money predominantly came from the USA. Between 1925 and 1928, American investors lent between 1.294 and 1.772 milliards Reichsmark to Germany annually (4.2 Reichsmark = 1\$).⁹² American bondholders felt safe because of the transfer protection clause and were attracted by the high yields of up to 8.7 percent on average, while the German government deliberately pursued a strategy to take on as much private credit as possible to deepen foreign creditors' dependency on Germany's financial solidity and thereby increasing its leverage in future negotiations.⁹³ It was mainly Germany that profited from transfer protection, and the economic historian Albrecht Ritschl rightfully asks why any of the other parties involved agreed to such a scheme, without giving a conclusive

⁸⁷ Gomes, *German Reparations, 1919-1932*, 142–43.

⁸⁸ *Ibid.*, 147; 154.

⁸⁹ Ritschl, "The German transfer problem, 1920–33: a sovereign-debt perspective," 951–52.

⁹⁰ Ritschl, *Deutschlands Krise und Konjunktur 1924-1934*, 122–23.

⁹¹ Stephen A. Schuker, *American "Reparations" to Germany, 1919-33: Implications for the Third-World Debt Crisis* (Princeton, N.J.: Princeton University Press, 1988), 10–11 .

⁹² The numbers include capital issues for Germany and FDI in Germany. They exclude trade, short-term loans, and currency transactions, see *ibid.*, 25.

⁹³ Straumann, *1931*, 9–10; Gomes, *German Reparations, 1919-1932*, 157.

answer.⁹⁴ A closer look at the interests and institutional affiliation of the people who negotiated the Dawes Plan, namely ICC members, reveals why transfer protection was included.

Owen D. Young, member of the Dawes Committee, was “the principal architect of the Dawes Plan”.⁹⁵ Additionally, Young was also a high-ranking member of the ICC. He was one of the alternate members of the Council and part of the US National Committee.⁹⁶ Henry M. Robinson, the second of the three American representatives on the Dawes and McKenna committees, was also a member of the ICC council.⁹⁷ Young and Robinson “dominated the conference (...) because they had behind them the indispensable power of American finance.”⁹⁸ Alberto Pirelli, who was also a Council member and would become the ICC’s president in 1927, joined Owen D. Young as a member of the Dawes Committee.⁹⁹ In sum, five of fifteen representatives at the Dawes and McKenna committees were members of the ICC, while Josiah Stamp (Dawes Committee) joined the ICC shortly after the end of the negotiations.¹⁰⁰

Not only was the formulation of the Dawes Plan strongly influenced by important ICC members, but the transfer protection clause also emanated from the ICC. Fred. I. Kent, the US Bankers Trust Vice-President and chairman of the ICC’s Economic Restoration Committee, of which Owen D. Young was a member too,¹⁰¹ suggested the seniority of private commercial credit for the first time at the Rome Congress of the ICC in 1923, one year before the conclusion of the Dawes Plan:

⁹⁴ Ritschl, “The German transfer problem, 1920–33: a sovereign-debt perspective,” 953.

⁹⁵ Schuker, *American "Reparations" to Germany, 1919-33*, 37.

⁹⁶ International Chamber of Commerce, *The Record of the International Chamber of Commerce* No. 1. March 1921, 7.

⁹⁷ Ridgeway, *Merchants of Peace*, 183.

⁹⁸ Frank Costigliola, “The United States and the Reconstruction of Germany in the 1920s,” *The Business History Review* 50, no. 4 (1976): 485.

⁹⁹ Tarbell, *Owen D. Young*, 166; Commerce and Marine Commission of the American Bankers Association, *The Problems of Economic Restoration Developed by the World War. As brought forward at the Third General Conference of the International Chamber of Commerce, held at Brussels. June 1925*, 31.

¹⁰⁰ Ridgeway, *Merchants of Peace*, 183.

¹⁰¹ International Chamber of Commerce, *Journal of the International Chamber of Commerce*, No. 3. January 1925, LSE Library. HF294, 5.

“A loan to Germany could not be placed in the United States today, and no such loan can probably be placed in America that does not come ahead of reparations for many years. (...) A loan to Germany of sufficient size to restore her economic situation on a sound basis and enable her to make progress toward paying reparations, and which came ahead of reparations, (...) would be absolutely good, and if it were being made at the request and for the benefit of the European Allied countries, it could undoubtedly be placed in the United States.”¹⁰²

Fred I. Kent was also the most important figure in rallying support for the Dawes loan, as soon as the plan was published.¹⁰³ Both the seniority of commercial credit and the public support for the Dawes loan rendered the initial public offering of the Dawes bonds immensely successful: “The American tranche of \$110 million was vastly oversubscribed and sold in 15 minutes.”¹⁰⁴ Hence, the influence of the ICC was instrumental in formulating and implementing the Dawes Plan. Most importantly, the inclusion of the crucial transfer protection clause which led to the large credit flows from America to Germany from 1924 onwards can be traced back to the Rome Congress of the ICC in the preceding year.¹⁰⁵

Evidence for the enduring influence of the ICC on the implementation of the Dawes Plan can also be found. At its congress in 1925, the Chamber set up a “Committee on International Settlements” that studied reparations and international debts and engaged with the official institutions that dealt with the matter.¹⁰⁶ At the same congress, the Agent General for Reparations, Seymour Parker Gilbert, held a speech in which he acknowledged the positive influence of the Chamber on the negotiations.¹⁰⁷ Further, there was a continuous informal cooperation between the ICC and the Transfer Committee, installed under the

¹⁰² Fred Kent, Speech by Mr. Fred I. Kent, Second Congress of the International Chamber of Commerce, Rome. March 19, 1923, United Nations Archives Geneva. R389/10/27466/24789, 5.

¹⁰³ Costigliola, “The United States and the Reconstruction of Germany in the 1920s,” 494.

¹⁰⁴ Gomes, *German Reparations, 1919-1932*, 157.

¹⁰⁵ This is also reiterated by Alberto Pirelli in 1928: Alberto Pirelli, *World Economic Conditions*. Address by Alberto Pirelli, President of the International Chamber of Commerce, at Luncheon given by the British National Committee on Thursday 22nd November 1928, LSE Archives Special. HC/D9, 15–16.

¹⁰⁶ Rosengarten and Holtfrerich, “Economic Policy Positions and Influence of the International Chamber of Commerce during the Great Depression,” 42.

¹⁰⁷ Gilbert, Address of Mr. Paker Gilbert, Agent General for Reparation Payments, before the International Chamber of Commerce, at Brussels. June 25, 1925, 7.

Dawes Plan. For instance, the latter met with the ICC Committee on International Settlements in 1926 “at a luncheon given by Mr. Pirelli, which was followed by an equally informal meeting during which the members of the two Committees had an opportunity to exchange views.”¹⁰⁸

In previous works on the Dawes Plan, it is commonly stated, that the plan was heavily influenced by the interests of American business that acted with the tacit support of the US government.¹⁰⁹ It is, however, only seldomly noted that many of the influential businessmen, who designed the Dawes Plan, knew each other through the ICC and could draw on previous works of the Chamber, such as the Ter Meulen scheme, to shape the Dawes Plan according to the interests of the international business community. The analysis of the deliberations and publications of the ICC shows that the Dawes Plan was structurally similar to the Ter Meulen scheme and that it should serve the same purpose. Like the latter, the Dawes Plan obliged Germany to return to the gold standard, balance its budget, and placed part of its public finances under the supervision of the Transfer Committee.¹¹⁰ Both plans had the same goal of enabling and encouraging private capital to flow to the respective countries. The Dawes Plan can thus be seen as the later realisation of the earlier stated convictions of the Chamber on financial stability and the needed primacy of private capital for economic reconstruction. With the Dawes Plan, the ICC created a new “circulatory regime” that massively increased the cross-border flows of capital through the provision of seniority to commercial claims, whereby the Chamber became one of the most important agents of financial globalisation in the 1920s.¹¹¹ The recommencement of international capital movements on a large scale and the massive increase of

¹⁰⁸ International Chamber of Commerce, *Journal of the International Chamber of Commerce*. No. 11. October–November 1926, LSE Library. HF294, 8.

¹⁰⁹ Gomes, *German Reparations, 1919-1932*, 154; Ritschl, “The German transfer problem, 1920–33: a sovereign-debt perspective,” 953; Costigliola, “The United States and the Reconstruction of Germany in the 1920s,” 501.

¹¹⁰ Gilbert, Address of Mr. Paker Gilbert, Agent General for Reparation Payments, before the International Chamber of Commerce, at Brussels. June 25, 1925, 2.

¹¹¹ Saunier, “Globalization,” 460. International capital flows increased sharply after the conclusion of the Dawes Plan, see Olivier Acominotti and Barry Eichengreen, “The Mother of All Sudden Stops: Capital Flows and Reversals in Europe, 1919–1932,” *The Economic History Review* 69, no. 2 (2016): 477.

American FDI in Europe between 1924 and 1929 was institutionally buttressed by the Dawes Plan, and thus also by the ICC.¹¹² The ICC provided an institutional infrastructure that allowed for the formation of a globally unanimous voice of business, continuous research on international capital movements, and the implementation of the plan through an international network that rallied support for the successful flotation of the Dawes loan.

It was, however, not possible to get the League involved in the plan, as “the European powers (...) wanted to keep reparations away from the meddling of the League of Nations”.¹¹³ Hence, after the Dawes Plan stabilised exchange rates and jumpstarted capital mobility, the ICC turned to a new primary task: the promotion of free trade. In this area, it would collaborate very closely with the Economic and Financial Organisation of the League of Nations to achieve its goals.

7. The Economic and Financial Organisation of the League of Nations

When the League was founded in 1919, it was not supposed to engage with economic or financial matters, as most politicians envisaged a quick return to the pre-war gold standard and relatively free trade.¹¹⁴ However, the rampant inflation in many parts of Europe, the rise in unemployment, and the collapse of international trade showed that there was a growing need for institutional international cooperation in the economic realm, which is why member states agreed to create an Economic and Financial Section at the League’s Secretariat after the Brussels Finance Conference in 1920.¹¹⁵ The newly formed section was coined “Joint Provisional Economic and Financial Committee” and it should

¹¹² American FDI in Europe increased from \$3880 million to \$7553 million between 1919 and 1929, the increase occurred almost exclusively after 1924, when the Reichsmark and other currencies were stabilised, see Boyce, *The Great Interwar Crisis and the Collapse of Globalization*, 179–80

¹¹³ Clavin, *Securing the World Economy*, 18.

¹¹⁴ Patricia Clavin and Jens-Wilhelm Wessel, “Transnationalism and the League of Nations: Understanding the Work of Its Economic and Financial Organisation,” *Contemporary European History* 14, no. 4 (2005): 470.

¹¹⁵ *Ibid.*

comprise “independent experts”, nominated by the Council of the League, who did not need to represent national governments.¹¹⁶

It was not until 1923 when the word “provisional” was dropped and the permanent Economic and Financial Committee, which possessed the exclusive mandate to formulate policy recommendations for the Assembly and the Council of the League, was created. This committee became central to the work of the Economic and Financial Organisation (EFO) of the League.¹¹⁷ The EFO was one of three specialized organisations of the League dedicated to economic and social policy fields. Unlike the International Labour Organization, however, these “organisations” had no independent status and were bodies within the League.¹¹⁸

The EFO evolved over time and “rather than a cohesive entity, EFO was the sum of a number of committees, whose individual routine work proceeded uncoordinated for most of the interwar period.”¹¹⁹ The Economic and Financial Section of the League’s Secretariat was the most important organ in this complex web of League bodies concerned with the world economy. The officials of the Economic and Financial Section guided the work of the EFO by writing annotated agendas for session meetings, drafting the committee reports which included policy recommendations, and setting the agenda of discussion by promoting particular resolutions.¹²⁰ The Economic and Financial Section was the only permanent body of the EFO and it was led by Sir Arthur Salter up until 1931.¹²¹ With the creation of the EFO, there was for the first time ever an institution that monitored and analysed the world economy, and which “made up the biggest part of the multilateral system of governance in economic, monetary, and social affairs during the interwar years”.¹²²

¹¹⁶ Clavin, *Securing the World Economy*, 21–22.

¹¹⁷ Clavin and Wessel, “Transnationalism and the League of Nations: Understanding the Work of Its Economic and Financial Organisation,” 472.

¹¹⁸ Reinalda, *The Routledge History of International Organizations from 1815 to the Present Day*, 245.

¹¹⁹ d’Allesandro, “Seeking Governance for World Markets,” 5.

¹²⁰ Clavin, *Securing the World Economy*, 33–34; Clavin and Wessel, “Transnationalism and the League of Nations: Understanding the Work of Its Economic and Financial Organisation,” 475.

¹²¹ d’Allesandro, “Global Economic Governance and the Private Sector,” 253–54.

¹²² d’Allesandro, “Seeking Governance for World Markets,” 5.

Although it was emphasised from its inception onwards that membership in the committees of the EFO was awarded based on expertise instead of political allegiance, governments tried to position people in the committees which would support national policies.¹²³ Diverging national politics led to deadlock on many issues, which is why from 1925 onwards, the EFO tried to achieve its goals through private sector involvement in its work. Especially private actors who wielded significant influence were seen as valuable allies in convincing national governments to support worldwide economic cooperation.¹²⁴ The ICC would become one of the most important private actors that collaborated with the EFO.

7.1 The ICC and the League

The successful work of national chambers of commerce depends on the effective maintenance of a strong presence at the centres of power. This includes forging close interconnections with sympathetic politicians and decision-makers to employ the best-connected members of the chamber as “delegates” who would draw attention to specific topics at the highest level.¹²⁵ The same applies to the ICC in a double sense. On the one hand, the ICC was able to exert pressure on national governments through its National Committees. On the other hand, the ICC was from its creation onwards keen on forging ties with the League of Nations. In the following I will retrace how the ICC became influential within the EFO and describe how its influence increased and eventually culminated in the preparation of the World Economic Conference in 1927.

Etienne Clementél, the founding president of the ICC, established close links with the League in the early 1920s. He knew the first president of the League, Léon Bourgeois, very well, as both men were members of the same political party in France.¹²⁶ It was Clementél, who proposed that the ICC might “perform a useful

¹²³ d'Allesandro, “Global Economic Governance and the Private Sector,” 256.

¹²⁴ d'Allesandro, “Seeking Governance for World Markets,” 12; d'Allesandro, “Global Economic Governance and the Private Sector,” 258.

¹²⁵ Bennett, *Local Business Voice*, 291–92; Ridings, “Chambers of Commerce and Business Elites in Great Britain and Brazil in the Nineteenth Century: Some Comparisons,” 742.

¹²⁶ Druelle-Korn, “The Great War. Matrix of the International Chamber of Commerce, a Fortunate Business League of Nations,” 109–10.

function as an auxiliary to the Economic Committee of the League of Nations, acting in an advisory capacity” in January 1921 already.¹²⁷ Before any official cooperation between the League and the ICC was agreed upon, the ICC had already established an informal channel of influence through Alberto Pirelli. Pirelli was a member of the Economic Committee of the League since 1921, headed the Italian National Committee of the ICC, and was also the Vice-President of the Chamber for many years, before becoming its president in 1927.¹²⁸ Pirelli became the “chief liaison officer” of the Economic Committee of the League in 1922, charged with the ongoing cooperation between the ICC and the League.¹²⁹ It is thus not surprising that only a year later, the Chamber was invited to send delegates to the conference on export formalities and that it was officially asked by the Economic Committee to prepare reports which were discussed at the conference.¹³⁰ The president of the Chamber was involved in drawing up the protocol of the conference, which was then signed by all the delegations, including the one of the ICC, which put a private organisation on the same level as states in terms of diplomatic protocol for the first time.¹³¹

Besides the overlap of leading personnel between the EFO and the ICC, which enabled the Chamber to exert a high degree of influence on the League’s workings, members of both organisations were also ideologically on the same page. The Secretariat of the League and the EFO “was staffed almost entirely by proponents of classical liberalism, for whom free trade was an article of faith”.¹³² The same applies to the ICC, which had already stated at its first congress that “it is in the interest of international trade (...) that (...) interference and regulation of business should be reduced to a minimum in order that the normal forces of private and

¹²⁷ International Chamber of Commerce, *The Record of the International Chamber of Commerce* No. 1. March 1921, 21.

¹²⁸ International Chamber of Commerce, *Journal of the International Chamber of Commerce*. No. 2. October 1924, LSE Library. HF294, 6; Rosengarten and Holtfrerich, “Economic Policy Positions and Influence of the International Chamber of Commerce during the Great Depression,” 48–49.

¹²⁹ Ridgeway, *Merchants of Peace*, 146.

¹³⁰ International Chamber of Commerce, *The Customs Convention and its Benefit to Trade*. Brochure No. 33. November 1923, LSE Library Archives Special. HJ/E124, 10.

¹³¹ *Ibid.*, 7.

¹³² Clavin, *Securing the World Economy*, 40.

competitive business be permitted to operate and produce their salutary effects”.¹³³

From the second half of the 1920s onwards, the ICC would lobby fiercely for the adoption of the most-favoured-nation clause, longer trade treaties, lower tariffs, the abolition of non-tariff barriers, and the unification of customs nomenclatures.¹³⁴ In short, after capital was enabled to cross borders again through the Dawes Plan, the same should apply to commodities, so that the relatively free exchange of goods which characterised the first era of globalisation in the late nineteenth century could resume. To achieve this, the ICC worked closely together with the League to organise the World Economic Conference in 1927, “the first economic gathering to take the entire world as its subject.”¹³⁵

7.2 The ICC at the World Economic Conference 1927

The World Economic Conference of 1927, held under the auspices of the League, would become the peak of the ICC’s influence in interwar diplomacy, as the conference was dominated by its agenda and its delegates. In the following I will first report and analyse the most important results of the conference. Subsequently, I will scrutinise the concrete channels of influence through which the ICC was able to push its agenda at the conference.

European protectionism and tariff policy were the most important subjects discussed at the conference. These topics had become increasingly significant during the 1920s, as free trade was gradually abandoned.¹³⁶ Sir Arthur Salter, the influential head of the League’s Economic and Financial Section, made sure that the preparatory committee for the conference was staffed predominantly with pro-free trade experts.¹³⁷ Hence, many influential ICC members joined the committee,

¹³³ International Chamber of Commerce, *Proceedings of the First Congress*. London, June 27 – July 1, 1921, 76.

¹³⁴ International Chamber of Commerce, *Proceedings of the Congress*. Amsterdam, July 1929, LSE Library Archives Special. HF/20, 80.

¹³⁵ Slobodian, *Globalists*, 30.

¹³⁶ On the reasons why many countries abandoned free trade during the 1920s and 1930s see James, *The End of Globalization*, 110–19.

¹³⁷ Boyce, *The Great Interwar Crisis and the Collapse of Globalization*, 175.

including Alberto Pirelli, Sir Arthur Balfour, who was the official observer of the ICC at the preparatory committee, and multiple members of the ICC's Trade Barriers Committee.¹³⁸ The report of the Trade Barriers Committee became one of the most influential documents at the conference, which "formed the foundation of the Conference's great achievement", as Salter remarked at the Stockholm Congress of the ICC only a few months after the World Economic Conference.¹³⁹ The report consisted of a survey of the principal trade barriers in each country, provided by the National Committees, and policy recommendations on how to overcome them.¹⁴⁰

All in all, the World Economic Conference followed the recommendations of the ICC and declared that "the time has come to put an end to the increase in tariffs and to move in the opposite direction".¹⁴¹ Walter Runciman, delegate of the Chamber at the conference, remarked during the discussions of the conference's Sub-Committee on Tariffs and Commercial Treaties that he "found it a striking tribute to the work of the Trade Barriers Committee of the International Chamber of Commerce that one or other of all their principles had been endorsed in all those speeches."¹⁴² In its report, the ICC recommended the abolition of import and export prohibitions (quotas), the worldwide unification of customs nomenclatures, the abolition of imposing tariffs before negotiations (so-called "tariffs de combat"), the general lowering of tariff levels, the application of the unconditional most-favoured nation clause, tariff stability through the conclusion of commercial

¹³⁸ International Chamber of Commerce, *Journal of the International Chamber of Commerce*. No. 10. June–July 1926, LSE Library. HF294, 3.

¹³⁹ Arthur Salter, *The World Economic Conference of May 1927: How to Secure Practical Results*. Address delivered to the Congress of the International Chamber of Commerce at Stockholm on July 1st, 1927. Brochure No. 58. 1927, LSE Library Store Pamphlets.CHAT F4/17, 5.

¹⁴⁰ International Chamber of Commerce, *Report of the Trade Barriers Committee of the International Chamber of Commerce*. Documentation for the International Economic Conference. May 4, 1927, 1926, United Nations Archives Geneva. R426/10/39044/51610/Jacket 3; Ridgeway, *Merchants of Peace*, 228.

¹⁴¹ League of Nations, *The World Economic Conference. Final Report*. 1927, LSE Library Store League of Nations Collection. L.N.II.1927.46, 10.

¹⁴² League of Nations, *Report and Proceedings of the World Economic Conference*. Vol. II. 1927, LSE Library League of Nations Collection. L.N.II.1927.52, 50.

treaties with a longer duration, and a new multilateral approach to commercial treaty negotiations.¹⁴³

The influence of the ICC at the conference had limits, however. The Subcommittee on Tariffs and Commercial Treaties decided to take a French proposal on a new tariff system as a basis for discussion, while it was also proclaimed to “weave into it various proposals of the International Chamber of Commerce”.¹⁴⁴ The French proposal was less liberal than the recommendations by the ICC and included a clause which allowed for “protection limited to counterbalancing more favourable conditions of production or a more advantageous regime of prices in the principal competing country”.¹⁴⁵ Protectionism should be allowed to be pursued to safeguard “national security or the vital interests of economic life”.¹⁴⁶ The ICC members proposed either a yearly reduction of tariffs at a set percentage rate or a maximum level of tariffs, which the French delegation saw as impracticable, as countries should be allowed to protect its domestic industries if other countries had more favourable production conditions.¹⁴⁷ This was heavily opposed by the ICC delegate, M. de Lavergne, and Gustav Cassel, who was also affiliated to the ICC. Cassel argued that the whole aim of trying to equal out different costs of production was futile, as this was the economic reality on which the necessity of international trade depended.¹⁴⁸ Because of the strong opposition from the ICC delegates and the British and American delegations, the French delegation replaced its idea of “counterbalancing tariffs” with a much more vague formulation that urged countries to “reduce protective tariffs to equitable and moderate rates, and thus to encourage the extension of trade and at the same time to secure fair remuneration for the producer and increase the purchasing power of the

¹⁴³ International Chamber of Commerce, Report of the Trade Barriers Committee of the International Chamber of Commerce. Documentation for the International Economic Conference. May 4, 1927, 27–29.

¹⁴⁴ League of Nations, Report and Proceedings of the World Economic Conference. Vol. II. 1927, 46–47.

¹⁴⁵ *Ibid.*, 47.

¹⁴⁶ *Ibid.*, 15.

¹⁴⁷ League of Nations, Report and Proceedings of the World Economic Conference. Vol. II. 1927, 48.

¹⁴⁸ *Ibid.*, 59–60.

consumer”.¹⁴⁹ France’s position at the conference, which eventually softened, reflected the fear of German competition in important areas such as chemicals and metals, where French tariff rates in 1926 were up to 50 percent higher than in 1913.¹⁵⁰

Besides the controversy about the room for manoeuvre of states to impose tariffs, most other recommendations of the ICC were adopted at the conference. Most importantly, the conference endorsed the inclusion of the unconditional most-favoured-nation clause in commercial treaties, which passes trade privileges between two countries onto all other countries with which the two had most-favoured-nation agreements, in conjunction with a recommendation for the prolongation of trade treaties.¹⁵¹ Additionally, the conference adopted the ICC recommendation on the need for a unified customs nomenclature¹⁵² and endorsed the abolition of non-tariff barriers to trade, such as quotas and “unjustified health regulations”.¹⁵³ The resolutions passed at the World Economic Conference were closely aligned with the recommendations of the ICC, and the conference can thus be interpreted as a success of concerted business diplomacy by the Chamber. Hence, the outcome of the conference cannot only be traced back to “the agency of the League”,¹⁵⁴ but also to the work of the ICC. But how was the ICC exactly able to influence the results of the conference according to its views?

7.3 Channels of Influence at the World Economic Conference

It was clear to all participants, that the ICC was the most important non-state organisation present at the conference. Georges Theunis, the president of the World Economic Conference, mentioned “in particular” the International Chamber of Commerce, “whose written and personal contributions (...) have throughout been of the greatest assistance”.¹⁵⁵ Theunis himself was a member of

¹⁴⁹ Ibid., 61.

¹⁵⁰ James, *The End of Globalization*, 118–19.

¹⁵¹ League of Nations, Report and Proceedings of the World Economic Conference. Vol. II. 1927, 78.

¹⁵² League of Nations, The World Economic Conference. Final Report. 1927, 10.

¹⁵³ Ibid., 20–21.

¹⁵⁴ Clavin, *Securing the World Economy*, 42.

¹⁵⁵ League of Nations, The World Economic Conference. Final Report. 1927, 7.

the ICC and would become the Chamber's president in 1929, which suggests his sympathy to its agenda.¹⁵⁶ He would also become the president of the League's Economic Consultative Committee in 1927, which was formed to watch over the implementation of the passed resolutions at the conference.¹⁵⁷

Thus, in addition to the Trade Barriers Committee's report, the influence of the ICC can be discerned through the size of the Chamber's delegation and the important posts its members occupied. First, Sir Arthur Balfour from the ICC was a vice-president of the conference, and the American member of the ICC, Roland Boyden, was the vice-president of the Commerce Commission at the conference. Boyden was the only delegate at such a high post who would not represent a country but an organisation at the conference.¹⁵⁸ Second, 36 of the 157 official experts came from the ICC and 32 of the 194 delegates to the conference "were among the most active members of the Council and the Committees of the International Chamber".¹⁵⁹ Additionally, many ICC members were participating at the conference as national delegates. For example, Richard Riedl, one of the most influential trade experts from the ICC, was attending the conference as a member of the Austrian national delegation.¹⁶⁰ John O'Leary, the president of the United States Chamber of Commerce, represented the US government.¹⁶¹ This assured attaining the desired results for the ICC at the conference. For instance, Gustav Cassel, a member of the EFO and the ICC, attended the conference as a Swedish national delegate and was a member of the Commerce Committee. Accordingly, he asserted at the committee's meeting that "practical results could most easily be attained if the Committee started with the series of recommendations drawn up by the Trade Barriers Committee of the International Chamber of Commerce".¹⁶²

¹⁵⁶ International Chamber of Commerce, *Proceedings of the Congress*. Amsterdam, July 1929, 138.

¹⁵⁷ Ridgeway, *Merchants of Peace*, 254.

¹⁵⁸ League of Nations, *The World Economic Conference. Final Report*. 1927, 57.

¹⁵⁹ International Chamber of Commerce, *Journal of the International Chamber of Commerce*. No. 14. May–June 1927, LSE Library. HF294, 6.

¹⁶⁰ League of Nations, *The World Economic Conference. Final Report*. 1927, 59.

¹⁶¹ *Ibid.*, 63.

¹⁶² League of Nations, *Report and Proceedings of the World Economic Conference*. Vol. II. 1927, 17–18.

In sum, the ICC supplied one of the most important documents for the preparation of the conference, a later ICC president was the president of the Conference, the ICC sent a large share of experts, it was officially represented at the most important commission, and many participants who attended in their capacity as national delegates were also ICC members. Through these numerous channels of influence, the ICC was able to successfully make the conference follow its agenda on commercial policy which consisted in a return to pre-war tariff levels and the abolition of trade barriers. However, although the conference was hailed as the “beginning of a new era, during which international commerce will successively overcome all obstacles in its path that unduly hamper it, and resume that general upward movement”,¹⁶³ it was not able to combat the protectionist drift during the late 1920s and early 1930s. Simultaneously, the influence of the ICC on global economic policy decreased shortly after the conference. The next section will explore the causes for these developments.

8. The Great Depression and the Demise of Business Diplomacy

In 1927, it looked as if the efforts of the International Chamber of Commerce had come to fruition and that the economic dislocations of World War One would be overcome. Capital was global again; the net capital outflow from the largest creditor countries increased from \$639 million in 1923 and peaked at \$2,241 million in 1928.¹⁶⁴ Further, it seemed that international trade would pick up. In the immediate aftermath of the World Economic Conference, 30 new commercial treaties were negotiated within a year, with another 42 following the next year. However, all new treaties were concluded for only a year, whereas it was common to have treaties that would last 10 to 12 years before World War One.¹⁶⁵ Capital mobility would decline sharply from 1928 onwards, and with the beginning of the Great Depression the ICC would lose its significance.

¹⁶³ Salter, *The World Economic Conference of May 1927: How to Secure Practical Results*. Address delivered to the Congress of the International Chamber of Commerce at Stockholm on July 1st, 1927. Brochure No. 58. 1927, 14–15.

¹⁶⁴ Aldcroft, *From Versailles to Wall Street, 1919–1929*, 248.

¹⁶⁵ Boyce, *The Great Interwar Crisis and the Collapse of Globalization*, 177–78.

The protectionist tendencies in the world economy could not be broken through the efforts of the World Economic Conference due to several reasons. First, because the unconditional most-favoured-nation treatment could not yield successful results in a protectionist environment. If two countries would agree on tariff reductions bilaterally, these reductions would immediately be passed onto countries that retained high tariff levels, which diminished future bargaining positions.¹⁶⁶ The adoption of a multilateral trade treaty negotiation structure, similar to the GATT, could have been a remedy against this problem, as suggested by ICC member Richard Riedl at the World Economic Conference.¹⁶⁷ Second, no long-term improvements followed the conference. The members of the Economic Consultative Committee of the League stated their disappointment about the “meagre application of the policy of the World Economic Conference” in 1929.¹⁶⁸ Trade barriers were not dissolved lastingly, although League technocrats and ICC representatives could convincingly show that European protectionism was a major reason for the slower economic growth in Europe compared to the US.¹⁶⁹

Tariffs remained high, because many European countries in the interwar period were willing to endure welfare losses to attain other goals, like protecting “their vital interests of economic life”, as the French delegate at the World Economic Conference argued, or alleviate unemployment, which became a much bigger problem in the post-war period, as many “redundant” workers from Europe could not emigrate to the United States anymore.¹⁷⁰ Additionally, transatlantic trade also slumped. The American Hawley-Smoot tariff of 1930 marked the climax of

¹⁶⁶ James, *The End of Globalization*, 120.

¹⁶⁷ League of Nations, Report and Proceedings of the World Economic Conference. Vol. II. 1927, 76.

¹⁶⁸ Owen Jones, Second Session of the Economic Consultative Committee of the League of Nations. The Policy of the World Economic Conference, July 1929, LSE Library Archives Special. HF294. in *World Trade*, Volume 1, No. 3. 369–75, 370.

¹⁶⁹ Boyce, *The Great Interwar Crisis and the Collapse of Globalization*, 175–76; International Chamber of Commerce, Final Report of the Trade Barriers Committee of the International Chamber of Commerce. May 1927, LSE Library Store League of Nations Collection. L.N.II.1926.62, 13.

¹⁷⁰ Adam Tooze describes the end of transatlantic migration flows after World War one as “the most decisive break between the liberal modernity of the nineteenth century and the increasing centrality of nation-state regulation in the twentieth century”. See Tooze, *The Deluge*, 348; James, *The End of Globalization*, 120–21.

rising protectionism in the USA. Tariffs and the decreased demand after the 1929 Wall Street crash reduced the net worth of US imports and exports by roughly 70 percent between 1929 and 1932 and rendered negotiations about general tariff reductions even more difficult.¹⁷¹

The ICC was not able to counterbalance these trends, because it lost the most valuable asset a chamber of commerce can have: its unanimous voice. There was disunity within the Chamber on the question of how to combat the increasing protectionism in the early 1930s. The Austrian National Committee of the ICC advocated for exceptions to the most-favoured-nation treatment, with the goal to create a European customs union or other regional trade blocs.¹⁷² This proposal was met with fierce resistance by the influential American National Committee, which rightfully saw such an approach as a possibility to discriminate against American imports to forge European economic unity.¹⁷³ The American view prevailed and at the 1931 congress, the ICC passed a resolution in which it stated that it had “considered” the declaration of some National Committees which supported exceptions to the most-favoured nation clause, but that the Chamber also “re-affirms its strong conviction of the necessity of most favoured nation treatment as a first principle in commercial policy”.¹⁷⁴ As the Great Depression deepened, some members of the ICC, such as the French Committee, even uttered support for import quotas to protect national industries.¹⁷⁵ Because of this rift within the ICC on how to combat protectionism, it was unable to voice an unequivocal position on commercial policy, which significantly hampered its capacity to influence governments and the League towards reducing trade barriers.

¹⁷¹ Rosengarten, *Die Internationale Handelskammer*, 84–86.

¹⁷² Richard Riedl, *Exceptions to the Most-Favoured Nation Treatment*. Report Presented to the International Chamber of Commerce, 1931, LSE Library. HF1721 R55, 26–27.

¹⁷³ International Chamber of Commerce, *Exceptions to the Most Favoured Nation Treatment*. Replies of National Committees and Memorandum on Dr. Richard Riedl's Report. May 1931, LSE Library Store Pamphlets. CHAT F4/60, 2–3.

¹⁷⁴ International Chamber of Commerce, *Resolutions Adopted by the Washington Congress*. May 1931, LSE Library Archives Special. HF/176, 14.

¹⁷⁵ Rosengarten and Holtfreich, “Economic Policy Positions and Influence of the International Chamber of Commerce during the Great Depression,” 51.

The collapse of world trade coincided with a severe blow to financial globalisation, which started with the 1929 stock market crash and gathered full force with the German banking and currency crisis in 1931. The large capital flows from the US to Europe heightened the reliance of German banks on dollar-denominated short-term credit to finance long-term domestic investments, which rendered them extremely vulnerable to a reversal of capital flows that took place as soon stock market volatility increased globally in 1929.¹⁷⁶ The seniority of private credit under the Dawes Plan, the inclusion of which can be traced back to the ICC, was one of the reasons why a transatlantic credit boom took place from 1924 onwards and why the Great Depression could so easily be transmitted to Europe in the early 1930s.¹⁷⁷ As American capital flows reversed in 1931 and Germany's largest banks were on the brink of failure, the German government enacted capital controls and took over a large share of the most vulnerable banks. Capital controls then transmitted the crisis to Britain and forced the country off the gold standard, a trend which other countries would follow during the 1930s.¹⁷⁸ The coinciding breakdown of economic and financial globalisation reduced the opportunity costs of pursuing a policy of debt default and autarky, which new extremist political leaders such as the Nazis in Germany welcomed, leading to a downward spiral of economic disintegration.¹⁷⁹

The sheer magnitude of the Great Depression, “a tsunami that was about to sweep away the financial and monetary foundations of the world economy”,¹⁸⁰ led to the demise of business diplomacy by the ICC. The cessation of private American lending ushered in such deep a crisis that governments became the decisive actors in international economic relations. From 1931 onwards, private advisors to the EFO of the League were gradually displaced by government experts.¹⁸¹ Arthur

¹⁷⁶ Straumann, *1931*, 153; Acominotti and Eichengreen, “The Mother of All Sudden Stops: Capital Flows and Reversals in Europe, 1919–32,” 472.

¹⁷⁷ Acominotti and Eichengreen find quantitative evidence for the fact that more capital flowed to Germany under the Dawes Plan, see Acominotti and Eichengreen, “The Mother of All Sudden Stops: Capital Flows and Reversal in Europe, 1919–32,” 484.

¹⁷⁸ Olivier Accominotti, “London Merchant Banks, the Central European Panic, and the Sterling Crisis of 1931,” *The Journal of Economic History* 72, no. 1 (2012): 29–31.

¹⁷⁹ Ritschl, “The German transfer problem, 1920–33: a sovereign-debt perspective,” 959.

¹⁸⁰ Straumann, *1931*, 205.

¹⁸¹ d'Allesandro, “Global Economic Governance and the Private Sector,” 268.

Salter, the liberal head of the Economic and Financial Section of the League decided to resign in 1930, as he realised that “it was now clearly outside Geneva, in the capitals of the world, that the (...) fate of mankind would be decided”.¹⁸² The ICC lost its special access to international organisations and was not invited to take part at the 1933 Monetary and Economic Conference in London; a stark contrast to the impactful role it played at the 1927 World Economic Conference.¹⁸³ The Chamber was unable to respond to the new international economic environment in an adequate way, which contributed to its diminished significance during the Great Depression. For instance, although the deficient interwar gold standard enhanced the deflationary shock inflicted by the global crisis and prolonged the Great Depression, the ICC stuck to its dogmatic and impracticable endorsement of a return to the gold standard, which would have severely reduced the scope of fiscal and monetary crisis relief.¹⁸⁴

During the second half of the 1920s, it looked like pre-war economic globalisation would come back stronger than it had been before, world trade and financial flows being greater than before 1914.¹⁸⁵ After the World Economic Conference, it seemed probable that all major economies would return to liberal commercial policies. However, the precarious political situation in interwar Europe and the disunity within the ICC prevented the dissolution of trade barriers. The ensuing Great Depression further reduced international trade, put an end to private capital mobility, and increased the role of governments nationally and internationally. The ICC disregarded the magnitude of the tectonic shift which shook the global economy and only reiterated its positions on international finance which it proclaimed since its creation. Hence, simultaneously as the Great Depression put an end to economic and financial globalisation, it also disempowered one of the most important private agents of global interconnectedness in the interwar period.

¹⁸² Salter, *Memoirs of a Public Servant*, 206. See also Clavin, *Securing the World Economy*, 46.

¹⁸³ International Chamber of Commerce, *The Monetary and Economic Conference*. Brochure No. 84. August 1933, LSE Library Archives Special. FOLIO FHG/256, 3.

¹⁸⁴ On the contribution of the gold standard to the severity of the Great Depression, see Eichengreen, *Golden Fetters*, 16. On the advocacy of the ICC for a return to the gold standard during the Great Depression, see Rosengarten, *Die Internationale Handelskammer*, 168.

¹⁸⁵ Boyce, *The Great Interwar Crisis and the Collapse of Globalization*, 426.

9. Conclusion

The early history of the International Chamber of Commerce up until the Great Depression shows that non-state actors and business diplomacy were instrumental in shaping global politics in the 1920s already. I have shown that the “business of business” was oftentimes beyond immediate corporate concerns and that it was the ICC as the organised voice of global business which was one of the most influential agents of globalisation in the interwar period. Within the history of chambers of commerce, the creation of the ICC can be seen as a natural evolution of business pressure groups which broadened their scope over time, but its creation should also be interpreted as a reaction to the economic and financial dislocations after World War One, which necessitated a global NGO representing the interests of business. During the 1920s, the ICC was especially influential in the areas of international finance and trade, as the contributions of its members to the work of the Dawes Commission and its influence at the 1927 World Economic Conference show.

By concentrating on the ICC’s influence on the outcome of the Dawes Plan, I have demonstrated how a focus on transnational actors may provide a new interpretation of the history of capital flows during the interwar period. The seniority of private credit over reparations originated at the Rome Congress of the ICC and was implemented through the participation of numerous ICC members at the Dawes Committee. Previous research has given no conclusive answer to the question why the transfer protection clause was included in the Dawes Plan. The analysis of archival material beyond government sources shows that it was in the interest of the global business community to give private credit priority and that the ICC was a suitable vehicle to carry this proposal through. An analysis of the ICC’s role in the reparations negotiations also reveals why the transatlantic credit boom between 1924 and 1928 took off and thus contributes to understanding the causes of the Great Depression.

While the ICC was successful in enhancing capital mobility, it was not able to make governments return to relatively free trade. This can be explained by the

disunity within the ICC and the changed political landscape in interwar Europe. Although the attempt to create a more liberal global economy was not successful, the analysis of the ICC's role at the World Economic Conference and its collaboration with the League's EFO reveals the early importance of organised business within international organisations. It again highlights the agency of global business in the interwar period, which has often been overlooked in previous historical research. My analysis further illuminates the origins of a development that provisionally culminated in 2016, when the ICC was granted Observer Status at the United Nations as the first business association ever.¹⁸⁶ The Great Depression marked the demise of business diplomacy in the interwar period. During the 1920s, the ICC was one of the most influential actors that shaped interwar economic and financial globalisation by suggesting and implementing various regimes of cross-border circulation through different channels. Nevertheless, it could not resist the structural forces of a crisis as deep as the Great Depression which increased the role of government in international and domestic economic affairs and ushered in a preliminary "end of globalisation".¹⁸⁷

¹⁸⁶ International Chamber of Commerce, "ICC Granted UN Observer Status," accessed July 30, 2021, <https://iccwbo.org/media-wall/news-speeches/un-general-assembly-grants-observer-status-international-chamber-commerce-historic-decision/>.

¹⁸⁷ James, *The End of Globalization*.

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