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## Introduction by Talbot C. Imlay, Université Laval

In recent years there has been a renewed interest in the international history of the 1920s. In addition to Zara Steiner's magisterial synthesis, Patrick Cohrs, Carole Fink, Peter Jackson, Susan Pederson and Joachim Wintzer among others have written significant research monographs and articles on various aspect of the post-war decade, many of which question older perspectives.[1] Interestingly, their work is not the first revisionist wave of scholarship on the subject. During the 1970s and 1980s, a varied group of scholars, including two participants in this round-table, challenged the prevailing view of the 1920s as a preface to the awful 1930s, arguing instead that the former should be seen as a sustained attempt to construct a stable international order following the cataclysm of war. Particularly noteworthy in much of this work was the integration of economic and especially financial history into the story, with finance ministers and bankers playing leading roles.[2] By the early 1980s what Jon Jacobson called the "new international history of the 1920s" had become something of an orthodoxy, even if Jacobson himself cast doubts on its claims to novelty.[3] While the question of a post-war international order remains important in the more recent scholarship, one distinguishing feature of the latter is a deliberate effort to place developments in the 1920s in a larger framework in terms of both time and geography. Pederson thus traces the impact of the League of Nations' mandate system on decolonization after 1945, while Fink ties the peace treaties to the evolution of minority and human rights.

Robert Boyce's book, *The Great Interwar Crisis*, is a welcome addition to the burgeoning historiography on the international history of the 1920s. Recently retired from the International History Department at the London School of Economics, Boyce is a well-

[1] Zara Steiner, *The Lights that Failed: European International History, 1919-1933* (Oxford: Oxford University Press, 2005); Patrick O. Cohrs, *The Unfinished Peace after World War I: America, Britain and the Stabilisation of Europe, 1919-1932* (Cambridge: Cambridge University Press, 2006); Carole Fink, *Defending the Rights of Others: The Great Powers, the Jews, and International Minority Protection, 1878-1938* (Cambridge: Cambridge University Press, 2004); Peter Jackson, "The Roads to Locarno: A Reassessment of French Security Policy after the First World War", forthcoming in *French Historical Studies*; Susan Pederson, "The Meaning of the Mandates System: An Argument", *Geschichte und Gesellschaft* 32 (2006), 560-582; and Joachim Wintzer, *Deutschland und der Völkerbund 1918-1926* (Paderborn: Schöningh, 2006).

[2] The list is long, but important works include Peter Krüger, *Die Aussenpolitik der Republik von Weimar* (Darmstadt: Wissenschaftliche Buchgesellschaft, 1985); Marc Trachtenberg, *Reparation in World Politics: France and European Economic Diplomacy, 1916-1923* (New York: Columbia University Press, 1980); Denise Artaud, *La question des dettes interalliés et la reconstruction de l'Europe (1917-1929)* (Lille: Université de Lille, 1978); Jacques Bariéty, *Les relations franco-allemands après la Première Guerre mondiale: 10 novembre 1918 - 10 janvier 1925* (Paris: Pedone, 1977); Stephen Schuker, *The* End of French Predominance in Europe: The Financial Crisis of 1924 and the Adoption of the Dawes Plan (Chapel Hill, NC: University of North Carolina Press, 1976); Sally Marks, *The Illusion of Peace: International Relations in Europe, 1918-1933* (London: Macmillan, 1976); and Charles S. Maier, *Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade after World War I* (Princeton, NJ: Princeton University Press, 1975).

[3] Jon Jacobson, "Is There a New International History of the 1920s", *American Historical Review* 88 (1983), 617-645.

established specialist in the period, having written an important monograph on British international politics and economics after 1918 as well as numerous articles and book chapters. Still more to the point, *The Great Interwar Crisis* can be seen as an effort to unite the two waves of scholarship outlined above. While clearly interested in the post-war international order, especially its security and economic aspects, Boyce also seeks to link the events of the 1920s to the global financial and economic crisis of recent years, identifying the principal problem in both cases as the obstinate insistence of national leaders (and scholars) in "treating questions of international economic and political security as largely discrete issues." [22] The publication of Boyce's book thus offers a wonderful opportunity to reflect on our understanding of the 1920s and its effects on subsequent periods.

In discussing *The Great Interwar Crisis*, we are fortunate to have four distinguished scholars, several of whom have won prizes for their work and all of whom have published on the 1920s. The first reviewer is Jonathan Kirshner, a professor in the Government Department at Cornell University and the author of two monographs: *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton, NJ: Princeton University Press, 1995); and the award-winning *Appeasing Bankers: Financial Caution on the Road to War* (Princeton, NJ: Princeton University Press, 2007). The second reviewer is Sally Marks, an independent scholar and author of several books, including *The Illusion of Peace: International Relations in Europe, 1918-1933* (London: Macmillan, 1976, 2002); the award-winning *Innocent Abroad: Belgium at the Paris Peace Conference of 1919* (Chapel Hill, NC: University of North Carolina Press, 1981); and *The Ebbing of European Ascendancy: An International History of the World, 1914-1945* (London: Edward Arnold, 2002). The third reviewer is Kenneth Mouré, a professor of history at the University of Alberta and a specialist in French financial history. His publications include *Managing the Franc Poincaré: Economic Understanding and Political Constraint in French Monetary Policy 1928-1936* (New York: Cambridge University Press, 1991); and *The Gold Standard Illusion: France, the Bank of France and the International Gold Standard, 1914-1939* (Oxford: Oxford University Press, 2002). The fourth and final reviewer is Stephen Schuker, who is William W. Corcoran Professor in the history department at the University of Virginia and the author of the award-winning The *End of French Predominance in Europe: The Financial Crisis of 1924 and the Adoption of the Dawes Plan* (Chapel Hill, NC: University of North Carolina Press, 1976); and *A*merican "Reparations" to Germany, 1919-33: Implications for the Third-World Debt Crisis (Princeton, NJ: Princeton University Press, 1988).

The reviews themselves are mixed. All four reviewers praise Boyce's ambition to weave the "political-diplomatic and security" and the "economic" factors together into an integrated account of the 1920s. All four reviewers also praise the years of research in published and unpublished sources that went into the book. From there, however, assessments vary. Stephen Schuker's review is the most positive. Schuker largely agrees with Boyce's analysis of the policies of the principal countries involved, endorsing his criticism of German, British and American governments and his sympathy for those of the French. That said, Schuker expresses some doubts concerning Boyce's emphasis on racial prejudice, especially an Anglo-Saxon dislike of Latins and of the French in particular, as an explanatory factor in the divergent policies of France on the one hand and of Britain and the United States on the other – doubts that Kenneth Mouré appears to share. In any case, Schuker awards especially high marks to the chapters on the 1929 to 1932 period, remarking that Boyce presents a convincing narrative of how a "routine business-cycle downturn…turned into a global Depression." A few quibbles aside, Schuker thus judges that Boyce has made his case.

Sally Marks, by comparison, is somewhat more critical, though she does stress that the basic thrust of Boyce's analysis is sound, even if over-stated. In addition to faulting *The Great Interwar Crisis* for exaggerating its claims to novelty, for overdrawing French virtue and British sins, for lacking in precision on certain points, and for omitting important aspects of the story (particularly with regard to reparations), Marks is less sure that Boyce succeeds in his self-assigned task of integrating economics and politics. As she notes, the political and economic aspects are treated in separate chapters. That two eminent scholars disagree on the success of Boyce's endeavour to provide a single, seamless analysis is interesting in itself. But perhaps more importantly, it raises the question of how to write – or, more accurately, how to structure – an international history that combines political-security and economic factors. Though by no means isolated from one another, often enough the actors, time frames and calculations in the two spheres differed, frustrating any effort to write an integrated history.

The two remaining reviewers are also more critical than Schuker. Jonathan Kirshner focuses on three questions, challenging Boyce's revisionist answer for each one. Regarding the first question, to what extent did the Great War fundamentally disrupt Europe's economy, Kirshner insists that the conflict produced a "consequential disrupture" of the political-economic order, which in turn leads him to be more sympathetic to British policies than is Boyce. Not surprisingly, on another question, whether France was heroic, Kirshner answers with a clear no, arguing that Paris "made its share of mistakes, too, perhaps even more than its share." Drawing on his own work, Kirshner notes in particular that the Bank of France imprudently manipulated monetary policy in an effort to coerce the British into making political-diplomatic concessions. A final question is whether our current understanding of the Great Depression is accurate. Boyce answers with a firm no; indeed, he claims that the Depression has been thoroughly misunderstood by diplomatic historians who ignore economics and by economic historians who ignore political-diplomatic factors. For Boyce, it was the intertwining of the political and economic threads that propelled a relatively healthy world economy into the abyss. For Kirshner, by contrast, not only was the world economy far more fragile than Boyce contends, but this fragility was exacerbated by the inability of the British and French to agree either on a prognosis or a treatment – a failure he largely blames on the French for insufficiently grasping just how dire the overall political-economic situation was during 1930-1932.

On the question of the origins of the Great Depression, Mouré largely supports Kirshner. Having expressed regret at what he sees as a tendency to dismiss too quickly the work of a long list of historians, Mouré adds that Boyce "ignores twenty years of work on financial crises and the interwar depression". This scholarship, much of it coming from economists, highlights the structural problems of the post-war global economy, most notably in terms of the gold exchange standard whose apparent deflationary bias exacerbated the diffusion of contractionary policies and undermined central bank cooperation. In support of the argument for an economic interpretation of the origins of the Great Depression, Mouré also notes that the economic collapse provided an important learning experience for economists, bankers, and government officials during the 1930s and 1940s. The lessons they drew would inform the framework of political-economic policies after 1945 at both the national and international levels.

Finally, at the end of his review Mouré poses several questions to Boyce, one of which concerns the relationship between globalization today – and the very recent global-financial-economic crisis – and the dual political and economic crisis that is at the heart of *The Great Interwar Crisis*. Mouré is interested in the balance between politics and economics in explaining the reaction against economic liberalization at home and abroad during the inter-war period. Is it possible to assign priority to one or ther other – is its possible, in other words, to establish the direction of the causal arrow?

In his lengthy response, Boyce addresses in serial fashion the criticisms of the four reviewers. At times he claims to have been misunderstood, and at other times he defends his analysis; more rarely, he concedes the point, for example in regards to Mouré's complaint that *The Great Interwar Crisis* ignores a vast amount of work by economists and economic historians on the Depression. Reading Boyce's response, I have the impression that the disagreements are often a matter of emphasis, with the reviewers maintaining that Boyce downplayed or overlooked certain factors and with Boyce insisting that he gave them sufficient due. In the end, it is up to each reader to decide for himself/herself whose case is the most persuasive. That said, it is perhaps worth remarking that the sweeping claims that Boyce makes in *The Great Interwar Crisis* leave him vulnerable to criticism. Revisionism, of course, is the life-blood of academic history: the search for new interpretations and new perspectives is not only a recipe for professional success; it is also the means to push research forward. But the more insistent the claims to revisionism, the greater is the responsibility of the historian to assess fully and fairly the existing scholarship, especially in a field as historiographically rich as that of the international history of the 1920s. All this to say that a bit more prudence on Boyce's part would arguably have strengthened what is a stimulating and significant contribution to an ongoing discussion.

**Participants:**

**Robert Boyce** teaches international history at the London School of Economics and Political Science. He has been a visiting professor at the Université de Paris IV-Sorbonne, the University of Toronto, and the Sciences Po Paris where he is currently an adjunct professor. He is also a member of the Comité Scientifique of the Maison des Sciences de l'Homme in Dijon. His publications include *British Capitalism at the Crossroads,1919-1932: a study in politics, economics and international relations* (1987), as editor (with Esmonde M. Robertson), *Paths to War: New Essays on the Origins of the Second World War* (1989); (with Joseph A. Maiolo) *The Origins of the Second World War: The Debate Continues* (2003); *The Communications Revolution at Work: The Social, Economic and Political Impacts of Technological Change* (1999) and as editor and translator, *French Foreign and Defence Policy,1918-1940: The Decline and Fall of a Great Power* (1998).

**Talbot C. Imlay** is Associate Professor of History at the Université Laval in Québec, Canada. His publications include *Facing the Second World: Strategy, Politics, and Economics in Britain and France, 1938-1940* (Oxford University Press, 2003) as well as several articles in scholarly journals. He is writing two books, one with Martin Horn on the history of the Ford automobile company in France during the Second World War, to be published by Cambridge University Press; and the second, entitled *Practising Internationalism: British, French and German Socialists and International Politics, 1918-1960*, to be published by Oxford University Press.

**Jonathan Kirshner** is Professor of Government and Director of the Reppy Institute for Peace and Conflict Studies at Cornell University. He is the author, most recently, of *Appeasing Bankers: Financial Caution on the Road to War* (Princeton University Press, 2007), which won the 2009 best book award from the International Security Studies Section of the International Studies Association, and co-editor of *The Future of the Dollar* (Cornell University Press, 2009). His research interests center on economics and national security, and on the politics of money and finance. From Cornell University Kirshner is a recipient of the Provost's Award For Distinguished Scholarship, and the Stephen and Margery Russell Distinguished Teaching Award.

**Sally Marks** is an international historian specializing in relations among west European nations and the United States in the interwar era. Most recently, she has published *Paul Hymans: Belgium* In the Haus *Makers of the Modern World* series.

**Kenneth Mouré** is Professor of History and Chair of the Department of History and Classics at the University of Alberta. His publications on France and the Depression include *Managing the Franc Poincaré: Economic Understanding and Political Constraint in French Monetary Policy, 1928-1936* (1991) and *The Gold Standard Illusion: France, the Bank of France and the International Gold Standard, 1914-1939* (2002). He is currently working on economic regulations and black markets in France during and after World War II, with recent articles in *The Historical Journal*, *The Journal of Contemporary History* and *French History*.

**Stephen A. Schuker** is William W. Corcoran Professor of History at the University of Virginia. He is the author of *The End of French Predominance in Europe* (1976) and *American 'Reparations' to Germany, 1919-33* (1988), and the editor of *Deutschland und Frankreich vom Konflikt zur Aussoehnung: Die Gestaltung der westeuropaeischen Sicherheit, 1914-1963* (2000). He is currently writing a book entitled *Watch on the Rhine: The Rhineland and Western Security, 1914-1950*.

## Review by Jonathan Kirshner, Cornell University

*The Great Interwar Crisis* is an impressively researched and forcefully argued book. I found myself nodding along in agreement dozens of times as I worked my way through the volume; and as a student of International Relations, I can only heartily endorse Boyce's insistence that a narrative that integrates "the politico-diplomatic and the economic aspects of the period" is absolutely necessary to understand the crisis (422). Yet I find myself in disagreement with the book's overall revisionist contention. Given this, rather than adjudicate the scores of agreements and disagreements I have with this ambitious, sweeping book, it makes sense instead to consider three big revisionist themes, which can be posed as a series of interrelated questions. Boyce reaches different answers to these questions than I do; engaging these three points provides an opportunity for productive disagreement about the interwar period.

*Was the European economy fundamentally disrupted by the Great War?* Boyce concludes that "in economic terms the 1920s bore a much closer resemblance to the prewar period than is commonly assumed" (425). The more conventional view, which I retain, is that the war produced a basic, consequential disjuncture between the recognizable political-economic order of the nineteenth century and the confused, jerry-rigged muddle of the twenties and thirties. This is most obvious with regard to international monetary matters, as belligerents broke with the gold standard and resorted to varying degrees of inflationary war finance. Putting the international monetary system back together would not be easy: the flood of notes produced would make suspect the credibility of any attempt to restore pre-war parities; and the appropriate relationship between currencies was unclear given the differential rates of inflation experienced by states. And compared with the nineteenth century order, reserves were perceived to be scarce, monetary policy subject to greater domestic political scrutiny, and monetary cooperation between central banks and states (starting of course with Germany and Russia) less forthcoming.

That shattered monetary order was of a kind with the ubiquitous economic dislocations caused by the enormous human and financial costs of the war and the challenges of transition from a full-time industrial war economy to some sort of "normality". Compounding this was the confused and uncertain political situation across much of the continent. Underappreciated in Keynes' famous dissent of the postwar settlement was his critique not simply of what the treaty did, but what the treaty *failed to do*: "no provisions for the economic rehabilitation of Europe . . . nothing to stabilize the new states of Europe, nothing to reclaim Russia," nothing to restore the "disordered finances of France and Italy." The makers of the peace, Keynes argued, failed to appreciate the "delicate organization" by which the people of Europe lived before the war, and the "unstable elements, already present when war broke out"; these intricate, diaphanous webs undone by the cataclysm would not be easily reconstituted.[1]

[1] John Maynard Keynes, *The Economic Consequences of the Peace* (London: Macmillan, 1919), reprinted in Donald Moggridge and Elizabeth Johnson (eds.), *The Collected Writings of John Maynard Keynes*, Volume II (London: Macmillan, 1971), 7, 9, 143.

The revisionist claim, of continuity rather than change in the international economy of the 1920s, is an important one for Boyce, because it reframes the central disagreement between Britain and France over the gravest threat to international security in that decade. Britain (and the Americans, in those moments when they were paying half-attention), saw a fragile international economy and a vulnerable, precarious German economy; they feared mightily for the dire domestic political consequences (and thus dangerous international security implications) of a collapse of either. France on the other hand, was, in Wolfers' phrase, "hypnotized by the German menace", and was opposed to any measure that might in any way strengthen its mortal nemesis.[2] The French perspective has been criticized as short-sighted and self-defeating (if understandable); Boyce, in de-emphasizing economic fragilities, shifts the blame back to Britain's failure to "make a decisive contribution" to a "European security framework" and to a general insensitivity of most analysts to France's legitimate security concerns (13, 15, 426). Part of this debate is probably rooted in divergent perspectives of whether Germany could be reintegrated into a rules-based international order, or whether it was inevitably and relentlessly, under any government or circumstance, driven to subjugate the continent of Europe. About that second contingency we will never know. Some accomplished scholars hold this view,[3] but I am not easily swayed by that sort of determinism, and history has been kind to the perspective that emphasized systemic fragilities and the dire consequences of failing to attend to them.

*Is our current understanding of the Great Depression reasonably accurate?* From the first page of the book, Boyce suggests that there is not a good understanding of why the depression was so "long and catastrophic" (ix). This point is raised repeatedly: Boyce even argues that in late 1932 "there was probably nothing inherently wrong with the world economy" (423). I disagree, and I also was not moved by the book to shift from one fairly conventional explanation: starting with the already fragile international economy, a decline in the price of primary products, the bursting of a speculative bubble, and uncontained banking crises led to a serious downturn that was exacerbated, rather than ameliorated, by the policy responses of states. Counterproductive deflationary measures (especially adherence to the gold standard), the absence of leadership from the world's largest economy (the U.S.), and the utter failure of international cooperation, sent all nations scrambling and made a very bad situation even worse.[4]

[2] Arnold Wolfers, *Britain and France Between Two World Wars* (New York: W. W. Norton, 1966), 2; see also E. H. Carr, *International Relations Between the Two World Wars* (London: Macmillan, 1947), 25.

[3] Isabel Hull, *Absolute Destruction: Military Culture and the Practices of War in Imperial Germany* (Ithaca: Cornell University Press, 2005).

[4] Charles Kindlebereger, *The World in Depression, 1929-1939* (Berkeley: University of California Press, 1973) ; Barry Eichengreen, *Golden Fetters: the Gold Standard and the Great Depression, 1919-1939* (Oxford: Oxford University Press, 1992).

International politics is a key element in this story, as an important source of the failure of cooperation which could have made a difference. But Britain and France again disagreed on what was the most important concern: doing everything possible to protect the international economy or achieving every possible advantage over Germany. The more 'normal' was the underlying international economy, and the more inexplicable the depths of the great depression, the easier it is to sympathize with France's behavior during the crisis. At that crucial moment of the Credit-Anstalt crisis, Britain wanted to provide unconditional support to Austria to contain the crisis and stop it from spreading. France held out for political concessions (stopping the *Anschluss*); Boyce argues this is "neither surprising nor particularly objectionable" (302-3), but the demand was not met, and the crisis spread to Germany, which retreated behind a wall of exchange controls and contributed to the economic conditions that abetted the rise of the Nazis. In my view France was wrong, and Britain right, about unconditional aid to Austria at this time; France's policies were short-sighted and ultimately backfired. But this is at odds with what I consider to be the principal revisionist claim of *The Great Interwar Crisis*, which is about France more generally.

*Was France heroic?* The one theme that weaves its way through the book's entire narrative is that France's perspective and behavior, throughout, were for the most part right and almost always well intentioned; and that France (and essentially the world, given the consequences), was done in by Anglo-American Francophobia (e.g. 34, 206, 281, 304, 358). But while there is much to criticize in British and American policy, an inherent hostility towards France does not and cannot account for it. American policy was problematic because it was inconsistent, short-sighted, and, in the twenties especially, selfish. American isolationism also caused big problems because it was the entry of the U.S. into World War I that settled the conflict; its withdrawal reestablished the disequilibrium of power that contributed to the conflict in the first place. British appeasement was also a mistake. But it was rooted in trauma, exhaustion, and overextension, not pique. British society was traumatized by the slaughter of a generation on the continent, and could not bear the thought of renewing that prospect. Britain, as Boyce notes, emerged from the war economically weaker (85, 144); Britain was also left with more global commitments and fewer allies. Appeasement was in part a policy of desperation that derived from a sense of profound vulnerability.[5]

But France made its share of mistakes, too, perhaps even more than its share. The narrative in *The Great Interwar Crisis*, however, turns a blind eye towards many French blunders and incident by incident, year by year, puts the best possible face on French society and behavior, leading to a revisionist interpretation that is the result of a stacked deck. For example, Boyce sympathizes with French authorities who were unable to "counter the elaborate conspiracy theories popularized by [*Financial Times* journalist] Paul

[5] Charles Kupchan, *The Vulnerability of Empire* (Ithaca: Cornell University Press, 1994).

Einzig" and others, regarding France's attempts to use its leverage over sterling to coerce Britain (272). But French Central Bank Governor Emile Moreau had a different view, writing in his diary "We now possess powerful means of exerting pressure on the Bank of England". Moreover, as I have previously shown, there is very strong empirical support for Einzig's contention that "whenever relations between France and Britain became strained, the franc moved invariably against sterling and large amounts of gold were shipped . . . to Paris." France's aggressive monetary diplomacy in the period eventually backfired.[6]

Also underrepresented in the revisionist account is the extent to which France's commitment to economic orthodoxy – to the gold standard, defending the franc, and balanced budgets – was an act of self strangulation that more than any other single factor weakened France vis-à-vis Germany. The deflationary straightjacket France chose to don slowed its economic growth, put intense pressure on military spending, and inhibited foreign policy assertiveness when it might have been put to good use. Boyce is critical of British appeasement, but at least Britain re-armed; France's commitment to orthodoxy was, until the last minute, greater than its willingness to defend itself from the German threat. As Barry Posen noted, the British "insured themselves against the worst, the French did not."[7]

Finally, missing from the revisionist account (and related to many of the conflicts over domestic macroeconomic policy) is the role of profound divisions *within* France, which, again, left the country ill-prepared to face the Nazi menace. Indeed, scarcely acknowledged (156) are the powerful, right-wing, even anti-democratic interests within France who felt more threatened by – and whose attention was more focused on – their left-wing opponents at home than fascists abroad. To a very great extent, France's fault lay with itself, not with the Anglos.[8] Despite the impressive reach of Boyce's scholarship and his command of the period, *The Great Interwar Crisis* has not led me to revise my perspective on the critical fragility of the international political economy of those decades or of France's counter-productive role in the entire debacle.

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[6] Emile Moreau, *The Golden Franc: Memoirs of a Governor of the Bank of France* (Stephen D. Stoller and Trevor C. Robert, trans.) (Boulder Cp: Westview Press, 1991), 431; Paul Einzig, *International Gold Movements* 2nd ed. (London: Macmillan, 1931), 33; Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton: Princeton University Press, 1995), 184-5.

[7] Jonathan Kirshner, *Appeasing Bankers: Financial Caution on the Road to War* (Princeton: Princeton University Press, 2007) chapter 4; Barry Posen, *The Sources of Military Doctrine: France, Britain and Germany between the World Wars* (Ithaca: Cornell University Press, 1984), 178.

[8] Eugen Weber, *The Hollow Years: France in the 1930s* (New York: Norton, 1994).

## Review by Sally Marks, independent scholar

Several historians have hoped to write an analysis of the Western Entente's interwar policy formulation vis-à-vis Germany but were defeated by the immense research task. Now Robert Boyce has tackled much of the problem. He focuses on Britain, France, and the United States, eliminating research in German and Italian archives and the voluminous, revealing Belgian files. He further simplifies matters by using only one account of an interview when two exist, which is problematic when an envoy is as detested as the Comte de Saint-Aulaire was in London. Moreover, use of Weimar's published economic and electoral data is risky since some is unreliable.

Like other historians, Boyce claims "a radically new interpretation," (21), saying the narrative has not changed in seventy years, the literature still deems the Versailles treaty evil, Germany mistreated, France vicious, Britain and America virtuous, and reparations brutal and unpayable. He further charges that economic historians ignore non-economic factors and diplomatic historians examine only political questions. This will astonish a cohort of aging historians who have devoted their scholarly careers to arguing that the Versailles treaty was not unreasonable considering Germany's utter defeat in a long, bitter war; that France was fearful, not vindictive; that the United States was less isolated and more selfish than it seemed; that the reparations actually sought were neither unreasonable nor unpayable; that Britain effectively conspired with a Germany which denied defeat and sought to strengthen it as a barrier against France; and that Anglo-German propaganda profoundly affected popular, historical and governmental perceptions – and thought they did so with due attention to both economic and political factors. Although he ignores propaganda altogether, their approach is roughly Boyce's argument. British and American hostility toward postwar France is well known, but he adds a new dimension by emphasizing what he calls Anglo-Saxon racial stereotyping of Latins, especially the French. He is clear on British contempt for France but not perhaps that this contempt extended to all countries, including the United States, – except Germany.

Boyce is correct in stressing the importance of economics, especially finance, to interwar western diplomacy, and his view of the Anglo/American-French relationship, especially as to Germany, is fundamentally sound, at least in general terms. But there is severe evidentiary overkill. The first explication of British attitudes toward France is devastating. By the fourth or fifth, readers may doubt or disbelieve. Boyce is entirely the prosecuting attorney. His Anglo-Saxon powers did little right whereas his France was rarely, if ever, wrong (except for Raymond Poincaré, whom he misreads). This picture is overdrawn.

Boyce has read prodigious amounts but, alas, not enough. The absence of German files is unsettling when so much of the political and economic diplomacy dealt with Weimar's actions and inactions. Some important monographs are missing from his bibliography, and he ignores many of those listed as he mostly writes straight from the archives. Curiously, despite his claim of proper integration, he addresses economic and political aspects in separate chapters, though politics is largely adjourned when he reaches the economic crisis, beginning, he says, in 1927.

With one exception, Boyce does not define terms. Those who do not know what sterilization of gold is will not learn here. Boyce often mentions liberalism both economic and political, but generally means free trade. The international security framework to which he frequently refers is never described. As to globalization, a term which did not exist during the era under study, he describes it as improved communications (including films), greatly expanded international financial activity, and increased corporate enterprise over a large area. (143) His first era of globalization began variously in 1815 or in the Victorian age and lasted until 1914; the second was from 1920 to 1927. He seeks a new periodization, with 1927-1947 a hiatus, then a third era of globalization until the current crisis, where he stresses the weak political framework, meaning the United Nations and such economic institutions as the International Monetary Fund and the Group of Seven
.
Each chapter opens with a charming vignette, which is Boyce's sole concession to his readers. The work goes back and forth in time with too many instances of "two weeks later" or "that same month." Space allocations are puzzling, with more pages often given to failed or minor initiatives than to important matters, The latter often lack context, focus, or key point, which is made either glancingly or not at all. One wonders what audience Boyce intends. In fact, the work, which is not easy reading, will probably be fully read only by a small group of experts who will notice the lacunae and errors.

The handling of evidence is sometimes worrisome. For example, Lord Curzon did not attend the Paris peace conference (31), the kaiser did not abdicate on 9 November 1918 (42), the decision to recognize the Baltic states did not occur before the peace conference met (48), which was not on 8 January 1919 (43), Arthur James Balfour had not received his Garter in 1919 (49), and Sir James Headlam-Morley was not a party to the first report of the Polish Committee (50), as the source cited indicates.[1] These errors are inconsequential, but so many within twenty pages early on gives rise to unease. More important mistakes are the claim that the Dawes Plan reduced German reparations from 132 milliard gold marks to 30 milliard[2] (131); the extraordinary statement that between 1922 and 1929 France enjoyed "financial and monetary ease" (153); and the equally remarkable view that until 1931 the Foreign Office opposed the balance of power (341)

1. The term is not listed in an 1980 unabridged *Webster's Dictionary*. The 2010 *Oxford English Dictionary Online* defines globalization as "The action, process or fact of making global; *esp.*(in later use) the process by which businesses or other organizations develop international influence or start operating on an international scale, widely considered to be at the expense of national identity." Its earliest citation is from 1930 regarding education, with no other until 1944.

2. Sir James Headlam-Morley, *A Memoir of the Paris Peace Conference, 1919* (London: Methuen, 1972 ed.), 170.

3. Although inclusion of occupation costs and other prior charges in the global figure reduced it somewhat, the Dawes Plan, which was meant to be temporary and specified no duration, did not address the total bill.

Boyce enjoys attacking other historians. He assails half a dozen scholars (461, fn.145) for accepting official figures of German territorial and population losses under the Versailles treaty (usually while noting that many peoples lost were non-German) and deducts from these totals recent acquisitions and areas populated by non-Germans (except for Malmédy) to achieve smaller figures. He takes the classic description by Stephen Schuker, one of the few historians he professes to admire, – and also by Jacques Bariéty – of Edouard Herriot's inexperience and disorganization at the start of his first ministry,[3] translates these into weakness and incompetence, and refutes both with comments of a Quai d'Orsay official at the end of Herriot's ministry a year later (131, 477 fn. 290). He disputes Schuker's alleged statement that financial crisis forced France to accept institution of the Dawes Committee (154, 481, fn. 47), which occurred before the speculative run began,[4] when it was the Committee's Report months later which France could not reject.[5] In short, there is a lack of precision.

Boyce is consistently weak on reparations, though he understands more than he makes clear. He ignores German capacity to pay, the cardinal principle of all serious Allied schemes at the peace conference and thereafter through 1921 as well as the politically useful ambiguity about actual yield introduced by creation of indices of German prosperity. Though reparations are *terra incognita* to many scholars, Boyce does not indicate that much of the total would be paid in battlefield salvage, kind (chiefly coal and timber), credits for state properties in ceded areas, and one-time replacements, such as livestock and incunabula for the destroyed Library of Louvain. He never explains that the Allies wanted reparations to look large for political reasons but not to be large (i.e. beyond German capacity), as Berlin understood. His enunciation of the true nature of the 1921 Schedule of Payments lacks clarity and, for some reason, he includes several schemes which came to nothing. He deals far more with negotiation of the Dawes Plan than with its final content and imposition as a major treaty revision. Readers need to learn that the Plan's opening section called for Germany to impose commensurate taxation as required by the Versailles treaty, but, at British insistence, the mechanics of the scheme rendered that impossible because, if Weimar taxed at the level of European victors, the yield available for reparations would far exceed what Britain deemed desirable. He does not mention that Lausanne was the de facto end of reparations nor the immediate American refusal to alter war debts. In a related matter, he fails to notice that Britain objected to all proposals for Franco-German economic rapprochement

Boyce is given to overstatement. He says that in 1925 "For now, the German army had

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4. Stephen A. Schuker, *The End of French Predominance in Europe* (Chapel Hill: University of North Carolina Press, 1976), 232-237; Jacques Bariéty, *Les Relations franco-allemandes après la première guerre mondiale* (Paris: Editions Pedone, 1977), 374-376.

Premier Raymond Poincaré proposed an expert committee, taking the initiative to limit the committee's scope, to the Reparations Commission on 11 November 1923 before speculative runs on the franc began in December. Archives Nationales, Poincaré to Barthou, 11 Nov. 1923, no. 1337, AJ[5].

5. Schuker, 172-174.

practically ceased to exist" (136) though on 15 February 1925 the Inter-Allied Military Control Commission declared otherwise. He asserts that in 1930 "The reason for Hitler's appeal is straightforward enough" (282), which will startle another cohort of historians. Boyce attributes it to the hyperinflation, a factor few will dispute, and reparations, while typically ignoring the rest of the treaty, the Rhineland evacuation, the ensuing burst of nationalism, and Hitler's splashy campaign. Astonishingly, he says,"No act in modern times was fraught with greater danger – or more thoroughly misconstrued – than Hoover's decision to reconvene Congress on 15 April 1927." (235) Only the word "misconstrued" saves this sentence from ridiculousness.

The downgrading of significant diplomatic or political events becomes more pronounced as the book progresses into economic crisis. Both floods of economic data and chapters covering short time segments cause some matters to evaporate before completion. Aristide Briand's plan for European federation circulates among the powers early in 1930 but not to Geneva in September. The Austro-German customs union proposal (without mention of Cruiser B) is referred to the Permanent Court of International Justice, but without decision or political disposition. Discussion of the Creditanstalt failure does not ask whether France affected the timing of disclosure of its crash. Prime Minister Ramsay MacDonald's failing health and fading eyesight earn no mention. The July 1931 London Conference comes from nowhere, and the Hoover Moratorium is not really agreed, explained, or imposed. With typical allusiveness, Anschluss is referred to not by name but as "Germany's revisionist ambitions in the region" (301), which may baffle some readers.

The book is lengthy, but space could be found for clarity and completion if it were allocated differently. The 1927 World Economic Conference, whose report was a damp squib, gets several pages. We could hear less about American dominance of films, the Colorado beetle, the hardships of the American Depression, and the Stavisky affair, enlivening as that is. Boyce argues that any attempt at cooperation during economic crisis, no matter how futile, deserves description, and so for nineteen pages he discusses four failed efforts, including the 1932 Ottawa conference. Though some readers may not know the Oslo and Ouchy Conventions, these were modest efforts by minor powers accomplishing little and seem to be included chiefly to berate Britain. Yes, it was selfish, but what major power was not in these years?

Despite the problems, there is a good deal of value in this book for those who persevere. It bears repeating that the basic thrust of the book is sound. Certainly, the economic, political, and diplomatic aspects of events belong together, though Boyce gives clear primacy to the economic. There is interesting material on the origins of the movement toward European integration. Boyce offers some ammunition to those who view Lord Vansittart as an appeaser, and he provides a fascinating portrait of Montagu Norman of the Bank of England, the *eminence grise* of the work. He educates those Americans who think global depression began in 1929. The argument about racial stereotyping, though perhaps exaggerated and possibly more national than racial, is worthy of serious consideration, especially in view of undoubted Anglo-American hostility (with some exceptions) to France

This book represents a prodigious amount of work and is massively documented. There are

100 pages of footnotes, often important and substantive, but unfortunately at the rear of the volume and without text pages at the top. Alas, in two or three chapters the numbers lose synchronization. Whoever did the index should not do another: globalization has only four page citations. Boyce would have been wise to use more of the works in his bibliography and some not in it. His book represents a valiant but not entirely successful attempt to integrate a mountain of economic data with the diplomacy. Though Boyce does not say so directly, his globalized world was a European world which was waning. In dealing with it, he should receive an A for effort and for his fundamental approach but a lesser grade for effectiveness of execution.

## Review by Kenneth Mouré, University of Alberta

The Great Depression is our essential historical point of reference for assessing where we are and where we might be going in the current financial crisis and economic contraction. Both events provide an opportunity for economists and historians to consider the vulnerabilities of global finance and trade to massive crises that disrupt markets, output and employment. Robert Boyce takes up the topic of globalization in crisis in an ambitious reconsideration of the Depression and the security crises leading to the Second World War. His agenda is admirable: to reassess the interwar period, integrating economic and diplomatic histories of the serial interwar crises to demonstrate the dynamic interaction between economic problems and international insecurity in Western Europe. Boyce brings to the task extensive research in diplomatic, financial, banking and private archives in Western Europe and the United States, and a career of publications on European diplomatic, security and financial history in the interwar period.[1] His *The Great Interwar Crisis* offers a summation of more than thirty years' research.

The essential lines of Boyce's argument run as follows. Allied disunity after the First World War prevented the negotiation of a peace settlement that would provide real security against renewed German aggression and economic reconstruction in Western Europe. The United States, the one economic power capable of international economic leadership, retreated into isolationism and "dangerously incoherent" economic and diplomatic policies intent on protecting U.S. interests rather than contributing to global economic stability and military security. Great Britain, blind to the threat of resurgent German militarism and hypocritical in pushing liberal economic values it did not itself maintain, encouraged treaty revision rather than enforcement. Britain spurned French initiatives to improve European security and economic integration and consistently preferred to appease Germany from Versailles to Munich. Only France, weakened by the war and isolated in the peace, understood the German threat and worked tenaciously for greater collective security. For Boyce, the "great interwar crisis" began in 1927 with a progressive collapse of globalization as security fears and economic instability fed each other in a downward spiral leading to increased protectionism, economic depression, aggressive nationalism and, ultimately, war. The onset in 1927 opened a twenty-year crisis that would not end until 1947, when the United States assumed global leadership to establish an international framework for military security and economic stability in the context of Cold War conflict with the Soviet Union.

Boyce stresses two elements in his account of diplomacy by the Anglo-Saxon nations. The first is the failure of the liberal ideals that were supposed to shape postwar reconstruction and security – free trade, the gold standard, national self-determination and disarmament. This failure was a product of narrow self-interest and prejudice on the part of the two key powers advocating liberal principles. Great Britain and the United States frustrated the

[1] See in particular Robert W. D. Boyce, *British Capitalism at the Crossroads: A Study in Politics, Economics and International Relations* (Cambridge: Cambridge University Press, 1987); *The Great Interwar Crisis* develops and extends arguments made in the earlier book.

enforcement of the Versailles Treaty and increased global economic instability by their illiberal policy choices, with Great Britain particularly to blame. The second theme is ubiquitous racist views that divided Europe into three distinct races – Latins, Slavs and Anglo-Saxons – and exercised a pervasive influence on policies in all three countries. Most notably, the United States and Britain held "racial" preferences for dealing with each other and with Germany, and treating Slavs and Latins (France in particular) with attitudes ranging from disregard to contempt. Racism was not the exclusive preserve of fascist powers, Boyce argues, but a powerful bias in the economic and diplomatic efforts of the liberal democracies. A third current, not stressed, is the need for an international hegemon to serve as leader and an international framework of institutions and rules to govern international economic relations and security.[2]

How does Boyce's interpretation contribute to current literature in this busy field of political, diplomatic and economic history? Regrettably, Boyce tends to dismiss with sweeping generalizations, rather than engage, a rich current literature that has covered many aspects of the ground he reconsiders. He challenges "orthodoxies" of diplomatic and economic historians, claiming that the dual interwar crisis has been "thoroughly misunderstood" in all previous scholarship (8) and that the Depression remains "the most thoroughly misunderstood episode of the interwar years." (3) Acknowledging the vast historical literature on interwar diplomatic history, Boyce finds that it fails to answer key questions about the breakdown of Allied cooperation, the failure to recognize the threat of German rearmament, and the importance of security concerns in the onset and course of the Depression (enumerated p. 2). Economic and diplomatic historians have examined separate crises in the fields of economy and security, he claims, treating these two aspects as discrete events, as "coincidences" (5) rather than integrally intertwined. This is misleading and unnecessary. Diplomatic historians and economic historians naturally tend to focus on either diplomatic and political or economic aspects of the interwar period. Historians like Knut Borchardt, Harold James, Charles Maier, Steven Schuker, Michel Margairaz, Gustav Schmidt and Zara Steiner have integrated both aspects in studying particular periods and events. Historians of domestic politics, economic policy and diplomacy have to deal with interwar economic problems, given the importance and impact of fundamental issues: reparations, war debts, currency instability, trade, government borrowing, industrial development and unemployment.

Boyce focuses on the key Western democracies – France, Britain and the United States. This leaves out the influence of the lesser players, understandably, but it also provides rather one-sided coverage of a history centered on dealing with Germany, and it leaves the Soviet Union looming silently offstage. In the dynamic interaction of security concerns and economic problems, Germany was the central concern. For France, the loss of its Russian ally and its Russian investments, and the need to patch together new alliances in Eastern

[2] Boyce acknowledges the influence of Charles P. Kindleberger, *The World in Depression, 1929-1939* (Berkeley and Los Angeles: University of California Press, 1973), and one sees as well that of Karl Polanyi, *The Great Transformation: the Political and Economic Origins of our Time* (Boston: Beacon Press, 1957, first published in 1944).

Europe, were essential considerations for its security against any renewal of German aggression. Boyce's detailed coverage is from the First World War to 1934, thus focusing on the problem-laden postwar peace settlement, the reorganization of the international economy in the 1920s, the nature and impact of the Great Depression, and the intractability of differences among the First World War alliance of democratic powers over how to provide for European security against the threat of renewed German aggression. The path from 1931 to war, including the impact of the Nazi regime in power and the delayed response of the democratic powers, is sketched all too briefly (despite a long chapter on 1932-34).

Boyce covers negotiations by the three countries on security policy, international finance and trade, as well as their domestic politics and institutional conflicts. The attention to trade negotiations is particularly welcome, as this area tends to receive little attention in diplomatic histories. Trade plays a key part in Boyce's argument about the breakdown of "globalization" in the 1920s and the move to a "narrow nationalism and aggressive imperialism" in place of liberal internationalism in the 1930s. He argues that 1927 was the key turning point, initiating a twenty years' crisis. The year marked a shift in financial and monetary pressures and in trade relations, but given declining prices and increasing monetary strains since 1924-25 (particularly the "Norman Conquest of $4.86 restoring gold convertibility of the pound), it is not clear what "turned" in 1927. Perhaps 1927 was a tipping point, with trends already underway moving decisively against "globalization" and towards a priority for nationally focused efforts. But this shift had been underway for some time. A second key date for Boyce is 1931, not for the major financial crisis that forced currencies off gold, but for the impact of the Austro-German Customs Union plans leaked in March 1931, from which the financial crisis followed as a consequence.

The Depression, in Boyce's account ("never fully explained" in earlier histories he claims), seems to occur as a consequence of a retreat from liberal trade policies and a turn from international to national interests as a result of political insecurity, monetary pressure and financial insolvency. Political obstacles block efforts at international economic coordination and reform. The crisis in 1929-30 thus appears as a normal cyclical downturn that would have been followed by recovery in 1930-31 had not political concerns over the Austro-German Customs Union derailed recovery in March 1931. There was "probably nothing inherently wrong with the world economy" in late 1932, but nationalism had turned the Western democracies against international solutions. (423) Trade initiatives, often quashed by Britain and/or the United States, might have made a difference: "every one of these initiatives" had potential, and "their implementation might well have alleviated the crisis sufficiently to divert the world from the path to war." (427) Any regional response could have broken the "vicious circle" of protection and economic contraction, altering "the whole course of subsequent events." (431)

This ignores twenty years of work on financial crises and the interwar depression. Boyce acknowledges that the gold standard had a deflationary bias (244) and fostered division among central bankers (207-22), but the gold standard is presented nonetheless as a sound basis for the international monetary system, little more than incidental to the global crisis. Boyce could draw on the economists' attention to the gold standard to reinforce his case, as the gold standard was not only asymmetrical in imposing deflation on countries losing gold without compensating inflation in those gaining gold, but also provided rapid global transmission of contractionary policies in part by increasing financial pressures that amplified political crises, through the rewards it offered to speculative capital flows.[3] Boyce's *Great Crisis* seems a tragedy of diplomatic errors rather than a major economic crisis, a cyclical downturn aggravated by the failure of international relations to deal with the twin problems of security and economic instability.

Rather than 1927, economic historians see 1931 and the experience of the Great Depression as the period of decisive change, "the defining moment" in the phrase of one collection of essays on U.S. experience.[4] The development of modern central banking, the use of monetary policy, economic data collection, fiscal policy, and the training and role of state officials in economic policy making and diplomacy all changed significantly in the interwar period, in trying to reconstruct the international economy after the war and then in learning from their failures in the 1930s. The new international framework for international reconstruction, trade and payments after 1945, which for Boyce marks the end of his twenty-year crisis, was a product of policy makers learning from the failures of the postwar settlement after 1918 and the severe economic contraction and unemployment of the 1930s. The successful state role in mobilizing economies for war and the postwar conviction that states could and should maintain full employment and social security were products of experience in the period 1914 to 1945. Boyce pays little attention to this realm of policy knowledge, which not only influenced the national prejudices and policies he deals with, but generated concepts and political support for new initiatives to reconstruct the national and international economies after 1945.

There is much to question in the book. As a review forum offers an opportunity to invite the author to clarify his argument, I take the opportunity to pose a few questions about *The Great Interwar Crisis* on points where I would have liked greater clarity:

- does Boyce have an economic explanation for the Great Depression or is it ultimately a diplomatic failure in dealing with unexceptional economic problems?
- what were the fundamental reasons for Allied disunity, and for hostility to France in particular? If the United States was consistently isolationist and Great Britain invariably revisionist, appeasing an always militaristic Germany and hostile to the cooperative initiatives of an ever- prescient and moderate France, was there any prospect for diplomatic resolution to either the security or the economic problems? The view of all four countries seems remarkably static for the development of policy and diplomatic relations in a turbulent era.

[3] The fundamental work on the importance of the gold standard is Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939* (Oxford and New York: Oxford University Press, 1992).

[4] Michael D. Bordo, Claudia Goldin and Eugene N. White, eds., *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century* (Chicago: University of Chicago Press, 1998).

- how powerful is "racism" as an explanatory factor in the diplomacy between Britain, France, the United States and Germany? Authoritarian powers certainly had no monopoly on racism, as American, British and French colonial policies demonstrate abundantly, just as anti-Semitism was evident in all four countries. But among the great white powers in Europe, to what degree are we dealing with "racism" as a vital factor and to what degree with national stereotypes and prejudices that are part of an obviously increasing nationalism? Careful definition would seem essential here to distinguish between the uses of the term "race" by British educated classes, "casually and unselfconsciously" in discussing European affairs, and the construction of different racist beliefs and policies in each country, not all equivalent to the radical bio-political racism that became state policy in Nazi Germany.
- does "globalization" (economic internationalism in Boyce's earlier work) and its collapse bring new insight to the changes in institutions and policy that produced severe and prolonged depression in the interwar period? Harold James used "the end of globalization" to good effect ten years ago to warn that increasing global integration was not a one-way street, and that interwar experience had shown a dramatic turn from internationalism to autarky and aggressive nationalism.[5] Boyce emphasizes the failure of liberal ideals and racism as key factors in the collapse of globalization and the rise of radical political forces on the right and left. To what extent was the reaction against "globalization" a catalyst, and not simply a result, of economic contraction and inter-European/Atlantic power relations?

*The Great Interwar Crisis* offers bold arguments that invite disagreement. The effort to integrate diplomatic and economic history is admirable, but the narrative is weighted towards diplomatic history, calling for a more comprehensive integration of the economic history. Boyce has provocative claims about the origins of the Great Depression, the policies of the Western democracies and their responsibility for the rise of aggressive nationalism leading down the path to war. These should raise lively discussion.

[5] Harold James, *The End of Globalization: Lessons from the Great Depression* (Cambridge, MA: Harvard University Press, 2001). James provides an illuminating comparative analysis of the causation of financial crises and the backlash against globalization in the Great Depression and the current crisis in *The Creation and Destruction of Value: the Globalization Cycle* (Cambridge, MA: Harvard University Press, 2009).

## Review by Stephen A. Schuker, University of Virginia

Because of changes in the sociology of knowledge, fewer scholars examine the Great Depression as an international phenomenon nowadays than formerly. Economists continue to advance the field by applying vector auto-regression analysis and other sophisticated statistical techniques. Unlike the old political economists of Charles Kindelberger's generation, however, some remain credulous about the soundness of the data they employ. Few can spare the time to investigate fully the historical context and the intellectual framework that constrained contemporary policy-makers. No one wins a John Bates Clark medal by logging hard time at the Public Record Office. Historians, meanwhile, find that fame results most predictably from following the twists of the social, cultural, and linguistic turns. Hence, Robert Boyce merits the gratitude of all students of the 1930s for his ambitious effort to bring economics and finance together with diplomacy. Boyce contends that a great dual crisis, which he locates between 1927 and 1934, arose from the implosion of the liberal international order. The political-diplomatic and economic-financial aspects of that collapse, he asserts, operated through a feedback loop, and they deserve treatment as part of a single intertwined narrative.

Supporting an argument first advanced by Harold James, Boyce contends that the globalization wave of the nineteenth century did not crash abruptly with the outbreak of world war in 1914 and the European countries' suspension of free exchange under the gold standard. Many of the rules, restraints, and institutions that made free-market economies interdependent sprang back to life in the 1920s, at least to the west of Bolshevik Russia. By the middle of that decade, both manufacturing output and global commerce exceeded prewar figures.

Of course, the London City could not recover its unique role as the world clearing-house for overseas investment, trade finance, shipping, and insurance. Nor could Wall Street fully replace it given isolationist currents in the American heartland and the reflection of such sentiments in the Washington establishment and the all-too-provincial Federal Reserve Board. As a card-carrying internationalist, Boyce implicitly follows the Kindleberger line that every successful economic regime needs a stabilizer at the helm—a country prepared to purchase distress goods, lend counter-cyclically, and discount freely in a crisis. Britain performed that role before 1914, while the Royal Navy supplied a further public good by keeping the sea lanes open. The United States undertook similar responsibilities during the Cold War. Britain lacked the power, America the perceived national interest, to function as the stabilizer during the slide into Depression.

Boyce devoted a previous book to London's effort to restore the international economy up to the failed 1927 World Economic Conference, and he recapitulates the argument here.[1] Perhaps he makes too much of that meeting as a turning point, because most of the

[1] Robert W.D. Boyce, *British Capitalism at the Crossroads, 1919-1932: A Study in Economics, Politics, and International Relations* (Cambridge: Cambridge University Press, 1987).

participants had already evinced greater interest in obstructing American penetration of European markets than in furthering non-discriminatory trade. He shows convincingly, however, that Britain diluted its early contributions to economic liberalization by undermining the architecture of European security and subverting the Versailles treaty, which served as its indispensable guarantor. At crucial junctures throughout the 1920s, the cabinet increased business uncertainty by rejecting all schemes to assure Continental security.

From 1926 onward, the Bank of England pursued a fierce—and at times underhanded—rivalry with the Banque de France over the reconstruction of East European central banks. And during the years 1930 to 1933, as the world economy tumbled into the abyss, Britain openly encouraged Germany's ambitions to revise its eastern borders, forced a premature and unnecessary end to reparations, and turned a blind eye to rearmament by the Reich. Boyce quotes to good effect the hair-raising animadversions of Labour Prime Minister MacDonald, who somehow convinced himself that France had caused the Great War and represented the principal menace to peace. He shows that an atmosphere of racialist disdain so permeated Whitehall that even Sir Robert Vansittart, the supposed "white hat" of the Foreign Office, denigrated the "Latins" and promoted treaty revision in his "arrogant" Old Adam papers (295). Such attitudes and policies made sustained cooperation to fight the economic crisis impracticable.

Rather than address the causes of the 1929 downturn as a question of economic theory, Boyce embeds his interpretation within a narrative. The result will not satisfy the theoretically minded, but at least Boyce widens the discussion. Among macroeconomists, the adepts of both the Keynesian and the Friedmanite churches emphasize today that fixed exchange rates under the gold-exchange standard threw the burden of adjustment disproportionately on debtor countries and served as a transmission belt for deflation after the Depression hit. Contemporaries who had suffered through fiat inflation, currency manipulation and speculation, export dumping, and anti-dumping tariffs during the immediate postwar years began from a different starting point. They viewed the restoration of fixed rates in 1924-28 as an ineluctable prerequisite to recovery and the stable flow of world trade. Moreover, Governors Montagu Norman of the Bank of England and Benjamin Strong of the New York Federal Reserve Bank did not believe that the gold-exchange standard operated automatically in textbook fashion. They considered that standard in effect as a managed-currency regime and saw themselves as the managers. The great failure between 1930 and 1933, for those who accept that optic, came from the breakdown of Central Bank cooperation and the undermining of Central Bank authority by politically minded Treasuries.

Present-day disputes over the optimal configuration of world monetary arrangements allow us to revisit the old controversy. Robert Mundell contends, for example, that the Bretton Woods system broke down in 1971 not because of fixed rates, but because no mechanism existed to keep the world price system in consonance with the price of gold. Thinking along similar lines between 1931 and 1933, Per Jacobsson of the Bank for International Settlements suggested various ingenious ways through which the major countries could fight deflation together without resorting to dirty floating or other beggarthy-neighbor policies. They could have agreed on a joint devaluation of all currencies against gold, or the BIS could have issued paper gold backed by German reparation deposits. None of those schemes got off the ground, but the reasons for failure, as Boyce acknowledges (272), were political more than economic.

Boyce does not take an unambiguous position on the complex of reasons why the gold-exchange standard ultimately broke down. He supports, however, the contention of Sir Henry Strakosch and the League of Nations Financial Committee that a gold shortage developed from 1925 onward because demand outran supply. Still, his own figures do not clearly prove the Strakosch thesis. World monetary gold increased 15 percent from the end of 1925 to the end of 1929, and, far from "sterilizing" the yellow metal, the U.S. Fed held less gold at the end of the period than at the outset (214). World imbalances derived largely from specific problems in France and England. After France stabilized the franc at a rate below purchasing-power parity, the Banque de France became a species of "roach motel." The gold flowed in, but never flowed out, because the Paris money market remained insufficiently developed to lend on the necessary scale. Meanwhile, the Bank of England operated with reserves too slender to support sterling's reserve-currency role and the London City's ambition to recover its prewar position.

As a result perhaps of his unrivaled knowledge of the British sources, Boyce occasionally generalizes on the basis of the parochial constraints facing Threadneedle Street. He makes much, therefore, of global deflationary trends during the 1920s. He points out that, when Montagu Norman felt obliged to hold bank rate at 4.5 percent for two years, this amounted to a real interest rate nudging 10 percent that stifled economic growth (220). Yet business conditions looked wholly different across the Atlantic. There the decade witnessed unprecedented expansion in the electro-technical, chemical, automotive, and other new industries. From 1923 through 1929, consumer prices remained completely flat in the United States, and wholesale prices declined slightly only because of overproduction in the agricultural sector. Boyce writes knowledgeably about the systemic vulnerability discussed by leading central bankers at their July 1927 meeting on Long Island, but his description of a "looming crisis" at that point looks much like retrospective analysis (209-12). One might with equal justice focus on the dilemma that arose in the spring and summer of 1929, when the Fed could not raise interest rates to curb stock market speculation without sucking in hot money from Europe and hurting farmers at home.

Boyce's most original and brilliant chapters deal with the descent into deep Depression from late 1929 through February 1932. His narrative technique serves him extremely well here. Boyce shows convincingly how a routine business-cycle downturn, which initially seemed no worse than the 1920-21 slump, turned into a global Depression as the result of a financial crisis deliberately provoked by Germany during the spring of 1931. He first echoes the demonstration made by Joseph S. Davis on the basis of the contemporary Harvard Economic Society letters that Wall Street handled the stock market crash of October 1929 with admirable sang-froid.[2] Many market participants welcomed the

[2] Joseph S. Davis, *The World between the Wars, 1919-39: An Economist's View* (Baltimore: Johns Hopkins University Press, 1975), 161-259.

pricking of the speculative bubble, despite some dampening of consumer demand in the real economy. Not a single money-center bank or brokerage firm failed. By April 1930 the New York Stock Exchange, then as now a leading indicator, had recovered to its July 1929 level.

Boyce expertly traces the sinister concatenation of political and economic forces—including the increase in protection by 21 of 27 European countries, the self-defeating Smoot-Hawley tariff in the United States, the Nazi victory in the September 1930 German elections and ensuing capital flight, and the acrimony at the London Naval Conference and subsequent rise of anti-foreign sentiment in England—that undermined confidence as the international economy tumbled downward during the balance of 1930. All the same, as he concedes, flickers of recovery became apparent in the early months of 1931. Historical experience would have predicted such a development. The economists Eichengreen and O'Rourke have shown that, according to most metrics, the downward curve of the recession that began in April 2008 resembled that of the Great Depression for the first fifteen to eighteen months, except that the most recent dip began to reverse, while the earlier plunge did not.[3]

The standard interpretation holds that the Federal Reserve's doubling of the monetary base from 2009 to 2010 (thus accepting the hazard of an asset bubble and exorbitant future inflation) warded off a second Great Depression. Chairman Ben Bernanke of the Fed embraced that risk because his scholarship on the 1930s convinced him that contraction of the money supply in most leading countries from 1928 to 1933 had aggravated the downturn in prices and production.[4] Boyce does not engage the quantitative data on that point, but he provides persuasive evidence that contagion from the 1931 German financial crisis gave impetus to the second downward leg of the Depression.

The story begins with Chancellor Heinrich Brüning's scheme to steal the Nazis' thunder by engineering a customs union with Austria as a prelude to Anschluss, in violation of the Versailles treaty. That maneuver exposed the insolvency of the Österreichischer Kreditanstalt, which held uncollectible agricultural loans. The crisis spread to Berlin when leading banks there found that they could not withdraw their funds from Austria and when the other D-banks hesitated to rescue the Jewish-led Darmstädter- und Nationalbank. Germany imposed exchange controls, and the contagion spread to Britain and the Netherlands. Brüning chose this moment to demand a reparations moratorium. Finance ministry professionals told him that sustaining the confidence of American private investors held far more importance than modest savings on reparations, but Brüning replied that he could not show himself less nationalist than Hitler.

[3] Barry Eichengreen and Kevin O'Rourke, "A Tale of Two Depressions: What Do the New Data Tell US?" (Feb. 2010), http://www.voxeu.org/index.php?q=node/3421.

[4] Ben Bernanke, *Essays on the Great Depression* (Princeton: Princeton University Press, 2000), 5-37.

At that point, President Hoover proposed an inadequate one-year rather than a two-year moratorium on all intergovernmental payments. Hoover figures as one of Boyce's greatest villains. The American president had access to sound advice, on debt as much as on tariff and tax matters, but ignored it owing to his anti-European prejudices and unwillingness to cross the Congress. As panic spread, the French dragged their feet because the Germans were insolently rearming at the same time that they solicited financial aid. Faced with a run on sterling, Whitehall then abandoned the gold standard not because that figured as the only policy option, but because working-class leaders refused to make sacrifices for the sake of Britain's world role. Indulging their own unreasoning prejudices, moreover, the leading National government ministers ruled out borrowing from the hated French. The speculators next turned on the dollar, and the Fed had to raise interest rates during the dreadful winter of 1931-32 lest the United States also be forced off gold. One can explicate the vicious spiral by focusing on the problems of monetary contraction, credit allocation, and the failure of nominal wage adjustment, as economists tend to do, but the political dynamics outlined by Boyce add a useful dimension.

As an Englishman unburdened by the strictures of American political correctness, Boyce criticizes Franklin Roosevelt as a "radical nationalist" (392) who took a series of steps, beyond torpedoing the 1933 World Economic Conference, that worsened the Depression. A number of leading economists, Boyce points out, suspected FDR early in his first administration of being "mentally ill" (399). Even the friendly J.M. Keynes described the capricious gyrations of the greenback in the fall of 1933 as "more like a gold standard on the booze than the ideal managed currency." And when Roosevelt finally stabilized the dollar at 59.6 percent of previous par value, he flubbed his opportunity to expand the domestic money supply in proportion to the increased value of government-held gold. Devaluation of the dollar below purchasing-power parity at a moment when America ran a current-account surplus magnified the problems of the gold bloc and undercut British Empire trade as well, notwithstanding the partial shelter provided by the Ottawa system. Devaluation raised the effective burden of the Smoot-Hawley tariff to dizzying heights, and for the rest of the decade the United States, following the policy of the Bad Neighbor, drained gold from the rest of the world.

Unfortunately, for reasons that he does not fully justify, Boyce abruptly terminates his account in 1934. Perhaps he ran out of time to carry forward his fastidious research. In any event, while he sheds light on why the Depression cut so deep, he fails to explain why it went on so long. Since the United States remained the indispensable locomotive economy, the sputtering of the American engine up to 1940 surely provides part of the answer. Boyce suggests convincingly that the kaleidoscope of anti-business legislation and the uncertainty of tax and regulatory policies in Washington discouraged private investment at a time when the Federal government remained too small to engage in effective pump priming. But he does not delve into detail. He could have discussed FDR's preference for increasing consumer purchasing power at a time when revival of the capital-goods industries would have proven more effective. He could have shown how the banking legislation of 1933-35 asphyxiated private capital markets. He could have outlined how mistaken fiscal and monetary policy, a calculated effort to gain political advantage by pushing up wage rates, and Roosevelt's anti-business rhetoric combined to bring about the recession of 1937 and to keep the domestic economy in the doldrums thereafter. The British and French archives that Boyce knows so well contain much documentation on those subjects. Perhaps we must await a follow-on study.

In offering this exquisitely detailed and lavishly footnoted volume to the public, Boyce faced a difficult strategic choice. He could have simplified the argument, cut the text to half the length, abbreviated the notes, and addressed a general audience. Instead, he chose to give scholars the unabridged benefit of his strenuous archival labors. The book thus constitutes a vast quarry in which the specialist will find a wealth of material to use and reprocess, but where the neophyte may fear to lose his way. Given his vast knowledge, Boyce has every right to express obiter dicta, yet he sometimes goes off on tangents or rides a hobbyhorse. He appears, for example, to place undue weight on Anglo-Saxon race prejudice as an explanation for substantive diplomatic decisions; he shows unvarying indulgence for French initiatives, irrespective of time or occasion; and he betrays unwonted passion in opposing the most-favored-nation clause in trade agreements. Boyce closes with some observations about the current world economic order. He is right that the movement toward globalization proceeds at an ever-faster pace, but probably wrong in stating apodictically that the 2008-09 recession "severely discredited" the Anglo-American model of deregulated markets. According to the evidence here, managed trade on the model of the 1930s does not provide an attractive alternative.

## Response from Robert Boyce

I am very grateful to Diane Labrosse for proposing the roundtable on my book and the H-Diplo team for making it possible. My thanks also go to Talbot Imlay for organizing and introducing the roundtable and the four reviewers for taking the trouble to prepare their very substantial, challenging and useful reviews.

Let me begin by addressing Sally Marks's review, which makes the largest number of specific and more general criticisms of my work. I shall try to address them as fully as possible. I acknowledge at the outset several of the specific errors she identifies. For instance, at some stage in the editing 18 became 8 January as the opening of the Peace conference. I present Lord Curzon going briefly to the Paris peace conference to be ignored, when in fact he remained throughout in London to be ignored, and I mention (plain) Arthur Balfour, the British foreign secretary, twice (pp.31, 42) before inadvertently adding the title 'Sir' to which he was entitled only in March 1922 (p.49). I also indicate that James Headlam-Morley was on the commission on Poland from the outset when in fact he was initially a member of the commission on Belgium before joining the Polish commission. But on most of Marks's other criticisms I invite readers to consider who is the more accurate.

Marks claims I am wrong to say that the German Kaiser abdicated on 9 November 1918. She is no doubt referring to the fact that Prince Max, evidently in panic, announced the Kaiser's abdication that day from Berlin without his approval and that the Kaiser signed the document confirming his abdication only later in the month. But it should also be remembered that on 9 November, at practically the same time as Max issued his announcement, the Kaiser, after conferring with senior officers at Spa and failing to rally them to his support, agreed to abdicate as the emperor of Germany (although not as king of Prussia) and hand over to Hindenburg his right to command the army, and royal aides began drafting the appropriate documents. That same day Philipp Scheidemann, one of the majority Socialist leaders, declared Germany to be a republic, Prince Max handed the chancellorship to Scheidemann's colleague, Friedrich Ebert, and the Kaiser boarded the train that would take him to permanent exile in Holland. In my book the Kaiser's abdication is mentioned in a discussion of British, not German, politics, and the reference to it is therefore very brief. While the story of the abdication has numerous twists and turns, it seems appropriate to distinguish between its narrowly de jure aspect and its practical and political aspects. Notwithstanding legal niceties, for Germany and the world the crucial date was 9 November, when the high command withheld its support from the Kaiser, and the Kaiser abandoned office and fled the country.

Marks claims I am wrong to say that the decision to recognise the Baltic states occurred before the Paris peace conference. In fact, the Allied and Associated Powers extended de facto recognition on 29 November 1918. But in any case, my reference to time is not to recognition but to Britain's readiness to accept important changes to the map of Eastern Europe, and whether this occurred before or only after the signing of the Treaty of Versailles. The evidence is overwhelming that it occurred before.

On a broader issue, Marks claims that I have seriously misrepresented the generally accepted narrative of interwar history by overlooking the contributions of other historians in recent years. Since words matter here, let me quote the first four sentences of my seven-sentence summary (p.1): "In 1918, when Germany sued for peace, the Entente and Associated powers imposed the Versailles settlement in which, largely at French insistence, Germany suffered substantial losses of territory and population as well as onerous demands for reparations and the ignominy of blame for the war. Meanwhile in the East, Poland re-emerged along with several new states that further encroached upon German land and influence, while the Bolshevik seizure created an additional source of instability in Europe and beyond. In the following ten years the English-speaking powers assisted the recovery of Germany, Austria and Central Europe and sought to reduce the bitter legacy of the Versailles settlement. Their efforts were disrupted when the Wall Street crash triggered the onset of the world economic slump." Nowhere here or anywhere else do I claim that "the Versailles treaty [was] evil", that "Germany [was] mistreated", that "France [was] vicious", that "Britain and America [were] virtuous", or that "reparations [were] brutal and unpayable." Marks inaccurately caricatures my summary and follows this with a number of other claims, all equally wide of the mark, in order to establish that I have grossly misrepresented current scholarship on the inter-war period. But have I done so? While it is true, as I acknowledge in my Introduction, that historians have chipped away at the basic narrative, modifying numerous secondary points, I maintain that my claim of a broadly unchanged narrative along the above lines remains sound.

Part of Marks's objection to my summary treatment of the historiography is that I am unfair to members of the historical profession. She writes of me that "[h]e enjoys attacking other historians. He assails half a dozen scholars ... for accepting official figures of German territorial and population losses under the Versailles treaty." This is unfair. At a very few places in my book I have pointed out where I think historians have taken a wrong turning in their interpretations of events, but this is surely not the same as "attacking other historians." In the case of the official German figures of territorial and population losses, I acknowledge quite clearly that the figures quoted by other historians are accurate so far as they go. But I add that the gross figures do not tell the whole story. By estimating the non-German element in the lost population and the parts of the lost territory that most Germans regarded as marginal, I argue that the losses Germans felt strongly about were probably much smaller than the gross figures suggest. As I indicate, I am surprised that practically all historians, so far as I am aware, have accepted the gross figures which the Germans used in their propaganda campaigns, rather than breaking them down, but I have assailed no one for doing so.

Marks acknowledges that I am "correct in stressing the importance of economics, especially finance, to interwar western diplomacy", and she goes so far as to say that "the basic thrust of the book is sound." But she qualifies this by claiming that my treatment of the economic issues is frequently inaccurate, that I fail to integrate the economic and political issues, which appear in separate chapters, and that contrary to my original claim, I "give... clear primacy to the economic." Since this goes to the heart of my argument, let me take up some of these charges.

First a comment on reparations on which I am allegedly "consistently weak." To do full justice to the subject, one would have to write several hundred pages – the text of the most recent summary, by Leonard Gomes in 2010, extends over 225 pages - failing which it is easy enough for Marks to point out omissions in my account. But the omissions and errors, such as they are, scarcely take the form that she claims. In the first place, I do not "ignore ... German capacity to pay" which Marks calls "the cardinal principle of all serious Allied schemes." The phrase "capacity to pay" appears on page 94 and elsewhere, but I point out repeatedly that from 1920 or thereabouts Britain did <u>not</u> accept it as the "cardinal principle" of a serious scheme. Instead, Britain argued for the absolute minimum of reparations to cover existing war debt obligations, since whatever their size they constituted a drag on Germany's and Europe's economic recovery or, equally regrettable, threatened to force Germany into flooding the world's markets with its exports. Secondly, Marks objects that I never explain "that the Allies wanted reparations to look large for political reasons but not to be large (i.e. beyond German capacity)." I don't do it because as a general proposition I believe it is wrong. British statesmen may have been prepared to create the appearance of large reparation claims in the immediate aftermath of the war, but they soon turned openly in favour of reducing them. French statesmen, so far as I am aware, showed no great concern for the appearance of reparation demands, but practically throughout the thirteen-year saga they took some account of the proposition that heavy reparations would be a useful drag on the German economy. As I point out, "[f]rom the 1920s until the Lausanne conference in 1932, French insistence upon German reparation payments was driven by several motives, one of which was the conviction that reparations were necessary to reduce the fiscal advantage enjoyed by German industry, which would otherwise extend its domination over Europe"(p.432).

Third, I do not overlook the fact that there were to be reparations-in-kind as well as in cash, gold or bonds, although I leave the discussion of the non-monetised element to my treatment of the Young plan. Fourth, I do not "fail... to notice that Britain objected to all proposals for Franco-German economic rapprochement." My discussion of the draft Wiesbaden agreement, the most substantial attempt at Franco-German economic rapprochement via reparations, is on pp.109-10. I discuss the advantages of such a scheme, but conclude that despite the recommendation from Lord D'Abernon, the ambassador in Berlin, British as well as French industrialists raised strenuous objections, and "the British government objected that it would give France priority on reparations" (p.110). Incidentally I follow this with a lengthy discussion of D'Abernon's views on Germany's capacity to pay reparations at the level demanded in 1921-2. D'Abernon, the former British representative on the Ottoman Public Debt Authority and financial adviser to the Egyptian government, was an authority on sovereign debt issues and no enthusiast for reparations. But he set out in detail for the Foreign Office why Germany was capable of paying the reparations without grave economic consequences; to which view I indicate my agreement (p.111).

Marks is correct to say that I deal "far more with the negotiation of the Dawes Plan than with its final content and imposition as a major treaty revision." I do so because I believe the negotiations were far more important than the treaty itself. The treaty, as Marks acknowledges, provided only a temporary and short-lived solution to the reparation problem. The negotiations on reparations from 1920 were a lengthy, bruising affair which demonstrated Britain's ascendance over France, which in turn, as I point out, had dangerous implications for the future of international economic and political relations. Britain repeatedly held out the promise of security to France – a Continental commitment, to use Michael Howard's phrase - in the attempt to secure French concessions on reparations (a tactic, I point out, that Britain continued to use to make France more amenable to its policies until at least 1938.) Had Britain actually accepted a Continental commitment, I argue, France would very likely have agreed to concessions on reparations, and Germany, recognising that it could not look to Britain endlessly to champion Treaty revision, would have been more likely to acquiesce in a mutually tolerable post-war settlement. But since Britain accepted no such commitment, France put up a much more prolonged and destructive struggle before agreeing to concessions while Germany was further encouraged in its revisionism. The Dawes plan itself resulted in France losing control of the Reparation Commission, which had provided it with the legal authority to occupy the Ruhr in 1923. But, as I argue, it was the four years of negotiations together with the Ruhr crisis itself that made it extremely unlikely that France, whatever its legal rights, would ever again attempt to go it alone against a revisionist Germany (as in March 1936.)

Marks makes the fair point that I do not define several of the broad terms I use, including globalization and liberalism. If there is ever an occasion to revise my work, this is something I would certainly do. All the same, by liberalism, which I present as the dominant political doctrine internationally in the 1920s, it should be clear to readers that I do not "generally mean ... [merely] free trade." Instead, consistent with the British/European use of the term, I emphasise limited government and property rights. Thus, as I point out, the 1920s in Europe and much of the world was marked by a retreat from government control over wages and prices, imports and exports, and borrowing and lending. My extended discussion of the general return to the gold standard is part of this story. While the gold standard, which legally fixed the national currency to a defined amount of gold (or another currency itself fixed to gold), to this extent involved greater regulation, countries generally adopted it as a restraint upon high taxing and spending governments, to safeguard private savings and to facilitate the commercial exchange of goods and services.

As for globalization, it should be clear that I mean a period of accelerated international exchange, particularly of goods and financial assets but also to some degree of culture and technology, although I do not explicitly set out the characteristics, and I omit certain elements, such as human migration, that a systematic evaluation of globalization would include. On globalization, Marks states that my periodization is first the long nineteenth century (until 1914), secondly 1920 to 1927, and thirdly from 1947 to the present. This rather completely misconstrues my argument. As I make clear at several points, I regard the long nineteenth century as "the *second* great era of globalization" (italics added) (p.425), but I argue that rather than ending in 1914 it resumed after the Great War, which should be seen simply as a hiatus. I write: "The decisive turning point occurred not in 1914 but in 1927, when the great interwar crisis began, bringing the collapse of both the global economic and political systems" (p.425). I add a few pages later, "From 1927, support for globalization itself diminished and the great interwar crisis began. By 1933-4, the crisis had brought to a violent close the world's second great era of globalization'"(p.428). I mark the start of the third great era of "(partial) globalization"(p.439) in 1947, which I discuss at some length largely in order to illustrate what was weak or missing in the way of "international institutions...[and] the two other essential elements of the global political framework, namely agreed rules of economic behaviour and international security"(p.444) in both the second and third eras. As I point out, my purpose in advocating a new periodization is not to be different or clever, but to argue that if the 1920s can be regarded as the culmination of the previous era of globalization, with some remarkable similarities to our present era, then important, perhaps even vital, lessons may be drawn from it to keep us from repeating the most egregious errors of the past.

Let me briefly dispose of some other points. Marks finds it incomprehensible that I should spend several pages on apparently marginal issues such as the 1927 world economic conference, "whose report was a damp squib." I could take up all the examples she cites, but let me deal just with the 1927 world economic conference. This was only a semi-official gathering and its conclusions were not binding on participating countries. But, as I point out, leading bankers and businessmen in the leading English-speaking countries widely regarded it as an important opportunity to face down the French-led alternative to their more extreme version of economic liberalism. By the same token they did not regard its report as a damp squib, although the controversy over international trade rules sharply intensified in the following two years. For similar reasons I dispute Marks's derisory comments on my description of Hoover's decision to recall Congress in April 1929 (not 1927). I offer considerable evidence that the world economy had become remarkably fragile by the spring of 1929, with all the progress of the 1920s on liberalizing world trade and payments under serious threat. Since observers could see that Congress was intent upon introducing a large increase in the American tariff, in circumstances where patience with the United States had practically run out in Europe and elsewhere, there is good reason to describe Hoover's decision as fraught with extreme danger. And indeed Congress did demand a large tariff increase, bringing a flood of foreign protests to the State Department and an extraordinary retreat into protectionism even before the effects of the Wall Street crash in October were felt.

Marks claims that I merely allude to Germany's interest in an *Anschluss* with Austria without actually using the German term. In fact, I use the term *Anschluss* at least a dozen times in my book. In my Introduction I refer to "the revelation of secret plans for an economic *Anschluss* with Austria in March 1931 [and Germany's] refusal to stop rearming." (p.5) My discussion of the topic begins: "Curtius, the foreign minister, sought *Anschluss* with Austria, but in the first instance he restricted his aim to a customs union, nominally open to third countries, which he could justify as a contribution to Briand's plan for European confederation." (p.286) In the next paragraph I add, "To [French observers] it was a treacherous blow to the European order which, if tolerated, would lead inevitably to a German-dominated *Mitteleuropa* and bring another war measurably closer. Barely a fortnight earlier, Briand had reassured the Chamber of Deputies that Curtius's recent visit to Vienna did not portend an *Anschluss*. He was acutely embarrassed by news of the customs union scheme, and German and Austrian claims that it was consistent with his own European federation plan only further embarrassed him." (p.287)

According to Marks, I discuss several issues without introducing or concluding them. In one instance, she claims, “Aristide Briand’s plan for European federation circulates among the powers early in 1930 but not to Geneva in September.” Here is what I actually write: “With all the replies now received, Briand prepared his report for the Eleventh League Assembly. Putting the best face on it, he asserted that as no country had actually rejected his plan, the League should authorize him to continue his work. But this was futile as well as disingenuous. For the time being, Europe would not willingly organize without Britain.” (p.271) In a second instance, she claims, “the July 1931 London Conference comes from nowhere.” My account of the 1931 monetary and financial crisis extends over 23 pages (pp.299-323), in which the London conference of July 1931 alone receives approximately four pages. Here is my initial reference to it: “In early July, British officials learned that Pierre Laval, the French premier, had invited German ministers to Paris in order to promote a general settlement. With Hoover's encouragement, MacDonald immediately issued invitations for a diplomatic conference in London, so as to enable Germany to avoid having to deal directly with France.” (p.310)

In a third instance she claims that “the Hoover Moratorium is not really agreed, explained, or imposed.” My discussion of the Hoover Moratorium extends over four pages (pp.305-08), and includes this passage: “Ever since the war [Hoover] had loudly denied any connection between reparations and war debts, and since the Congressional elections the previous autumn he had justified his record by blaming Europe for America’s depression. But by 11 May he was forced to acknowledge that the network of inter-governmental debts was becoming unsustainable, and rather than waiting for individual countries to default on their obligations, he decided to propose a general one-year moratorium. Yet for fully a month he hesitated to act, fearing criticism from his own supporters for weakening America’s claim to war debts and bailing out the Wall Street bankers and their European clients.”(p.305) I end the discussion: “On Tuesday, 7 July, France and the United States finally reached a compromise on the moratorium whereby the unconditional annuity of reparations would continue to be paid into the BIS, but the French tranche would be immediately transferred as a credit to the Reichsbahn and the balance would be returned as a credit to the German government.” (pp.308-09) Besides describing the prolonged dispute over its adoption, I comment (more than once) on its contribution to addressing the crisis and the consequences when it ended. (pp.314, 329, 384, etc.) I could go on, but I fear I would weary readers by continuing with this detailed defence.

A few words are in order on the structure of my book. To ease the challenge for readers of a very long book which includes such potentially off-putting topics as foreign direct and portfolio lending, regional trade agreements, international monetary and financial reform, and the implications of unconditional most-favoured-nation treatment, I divide every chapter into an introduction, five to nine headed sections and a conclusion. (For the same reason I also seek to keep technical jargon and statistics to an absolute minimum, although this will not please economic historians.) Some of the sections are primarily about economic issues, others are about political-diplomatic issues, but each chapter contains some of each. Moreover, every single section includes some explanation of how it fits into the broader politico-economic argument, as does the conclusion of each chapter. I quite fail to see, therefore, how it is possible to say either that I treat economics and politics in separate chapters or that I give precedence to one over the other. As for the evidential basis, so far as possible I have gone back to primary sources rather than relying upon secondary sources. While no doubt I could have cast my research net wider, readers may note that for each of the three great powers which form the centrepiece of the book I draw from the main government, central bank and private sources as well as a wide selection of the popular and specialist press over fifteen years and in certain respects much longer. Marks notes that the bibliography does not include certain important monographs. This should not be surprising given that I clearly state, "For reasons of space, this bibliography is restricted to sources and published works cited in the footnotes" (p.551).

Let me return to one of the themes of my book to which Marks takes strongest exception, namely my repeated emphasis upon the United States' and more especially Britain's antagonistic, even hostile, approach to France. The reason for this emphasis is to underline my argument that Britain, the United States and France dominated the world economically and politically to a remarkable degree in the 1920s, and had they cooperated they could have saved the world from the great interwar crisis (which I describe as the greatest crisis in modern history.) But by and large they did not cooperate either economically or politically, with disastrous results. Marks finds it tiresome that I should make this point at numerous junctures in the story, but she might bear in mind that this argument goes against a massive body of historical literature.

For over thirty years American diplomatic historians have encouraged the view that after the First World War political leaders in Washington were alive to the America's global interests, but aware of popular opposition to national involvement in world affairs, they "established an informal alliance with the international bankers and financiers of Wall Street, who shared their interest in the pacification and reconstruction of Europe and the liberalization of world trade" (p.10). This alliance allegedly enabled Washington to contribute substantially to a more stable and prosperous world. Over the same period British historians have published a comparably large number of works on Britain's relations with Continental Europe and the world, scarcely any of which are more than mildly critical of Britain's contribution. In the case of the United States I take issue with the claim that Wall Street and Washington worked in alliance to create a world suitable to American interests.

I argue that, on the contrary, their relations were so strained in this period that the outcome was a dangerously incoherent external policy. In the case of Britain, I observe that the bankers of the City of London and the politicians in Westminster broadly agreed on European and international policy and not infrequently worked closely together. But I argue that both the United States and Britain encouraged globalization while disregarding the need for a framework of agreed rules, institutions and security necessary to maintain confidence in the international system and address crises or market failure, and thus they helped to set the world up for a tragic failure. As part of their efforts, they directly or indirectly put France under constant pressure to trust Germany and to abandon military, economic and financial constraints upon its more populous and potentially more powerful neighbour. Despite France's justifiable concern about undiminished German revisionism and its clear-sighted recognition of the need to treat security in Eastern and Western Europe as a single indivisible whole, it retreated under pressure from the English-speaking powers. On occasion it was simply dragged along, but on several occasions it took initiatives to address its predicament: in response to America's one-sided trade policy towards Europe and the rest of the world in 1927-9, to the removal of the last substantial restraints on Germany in 1929-30, and to the threat of economic breakdown among its allies in East-Central Europe in 1930-32. Its initiatives may have been inappropriate and in every case they failed, but I argue that nonetheless they merit recalling for at least two reasons. First, they help to clarify who or what was responsible for the crisis, and second they illustrate that the crisis, or at least the scale of the crisis, was influenced by political choices and was not simply the working out of economic forces. Readers will judge if I have succeeded in challenging this large body of generally accepted history, but I would hope that my critical evaluation of the three powers is understood in light of the scale of the intended revision.

Let me end with a more general observation. Readers of Marks's review would not, I fear, gain any idea of the challenge I set for myself in my book. The fault may be mine, but I should point out that it is presented at length in the Introduction (pp.1-8), and indeed is the reason for my seven-sentence summary of diplomatic history, which Marks objects to. As I point out, the most remarkable feature of the interwar period was the simultaneous collapse of both the international political system and the international economic system. Yet diplomatic historians who seek to explain the collapse of the international political system, and economists and economic historians who seek to explain the collapse of the international economic system approach them as if they were largely discrete events, drawing only occasionally from outside their own fields. At most, diplomatic historians introduce the Wall Street crash or the world economic slump to explain the growing political strife, thus accepting that the direction of the causal relationship runs from the economic to the political-diplomatic. I point out why this is probably unsatisfactory, and that the direction of the causal relationship runs simultaneously in both directions. And I explain that my purpose is to show that it was not a case of two crises occurring simultaneously or one in which the economic crisis triggered the political crisis, but rather a single crisis, which is why it was so acute and so difficult to resolve.

Marks is evidently interested only in how I present the diplomatic history, which conventionally touches the economic history only with war debts, reparations and suchlike where the diplomats got involved. By the same token my next critic (Kirshner) seems chiefly interested in how I present the economic history, while my third critic (Mouré) seems to think that historians have already addressed the issue, when, so far as I am aware, the question of the relationship between the two crises has never been posed let alone answered. I hope readers will bear in mind that my central aim is not to write a new diplomatic or economic history, but to show how the two histories can – and should – be integrated into a single explanatory account.

Let me turn to Jonathan Kirshner's review and the three challenges he poses to my book. His first challenge is to my argument that in economic terms the First World War marked a hiatus but not a fundamental break with the long period of economic growth and expansion before the war. He asks: "Was the European economy fundamentally disrupted by the Great War?"

Clearly the distinction between a hiatus and a fundamental break must be a matter of judgment, but I hold to hiatus for the following reason. It is true that the war slowed the growth of the world economy, severely disrupted international trade and payments, brought on a brief but severe postwar slump, and left international economic relations more fragile than before. It is also true, as Keynes complained - and I discuss - that the Versailles treaty failed to address the economic problems thrown up by the war. But, as I describe, it is also the case that almost immediately after the treaty was signed a remarkable effort began to restore the European economic system to its pre-war basis. In fact, the role of central bankers, investment bankers at J. P. Morgan and elsewhere, British treasury and board of trade officials, officials of the League of Nations and others over the ten-year period 1919-29 was quite unprecedented. The results were impressive. With only a few exceptions, countries that resorted to managed trade during the war or in its chaotic aftermath soon returned to liberal trade relations based upon the most-favoured-nation principle; largely removed exchange controls and capital lending restrictions; and stabilised their currencies and returned to the international gold standard, albeit in a modified form. Aggregate figures for international economic growth and expansion, as summarised in, for example, D. H. Aldcroft's <u>From Versailles to Wall Street</u>, indicate a marked slowdown for the whole period 1914-1929. But if we look more closely at the evidence we find that by the second half of the 1920s growth and expansion were back on track. Indeed the growth of international transactions substantially outpaced domestic economic growth, and comfortably exceeded levels reached in 1914.

Had the First World War fundamentally disrupted the European economy, as Kirshner proposes, this general recovery simply could not have happened. Of course the recovery was fragile. In fact, I argue at some length that by the second half of the 1920s the international system was made *doubly* fragile by the English-speaking powers' systematic promotion of liberal economic policies and their simultaneous refusal to contribute to international security. But I also point out that leading central bankers and other expert observers were keenly aware of the fragility of the international financial system from as early as 1927, indeed earlier. As I describe (p.150), in December 1924 Benjamin Strong, America's leading central banker, felt called upon to warn the governor of the Bank of England of the risk he would be taking by restoring sterling to the gold standard in such an unstable world. For the same reason I discuss at length proposals for addressing the dangerously deflationary bias of the gold standard: from Sir Henry Strakosch via Montagu Norman, from Congressman James Strong and the Stable Money Association, from League of Nations officials, from Parker Gilbert for accelerated reparations revision, and so on. The problem, I argue, was not fundamental economic problems or lack of economic options; rather it was an unwillingness to take remedial economic action, largely due to political constraints. All the while, proponents of globalization (conservatives and reformers) leaned towards foreign policies – disarmament, withdrawing occupation troops from the Rhineland, etc. - that added to the international fragility.

In every recession (including our present one) there are those who say that the prosperity of the preceding years was 'artificial', an edifice built on sand. But the goods produced, services provided and employment generated are real enough. The cause of the recession can usually be traced, in part at least, to a failure of regulation or unwillingness to take timely action on financial bubbles or international imbalances. In this central respect the crisis that emerged in the late 1920s was not fundamentally different.

Kirshner's second challenge concerns my claim to have offered a new or more adequate explanation of the exceptional length and depth of the world depression. The conventional explanation he prefers includes, "the already fragile international economy, a decline in the price of primary products, the bursting of a speculative bubble, and uncontained banking crises led to a serious downturn that was exacerbated, rather than ameliorated, by the policy responses of states. Counterproductive deflationary measures (especially adherence to the gold standard), the absence of leadership from the world's largest economy (the U.S.), and the utter failure of international cooperation, sent all nations scrambling and made a very bad situation even worse." Readers of my book will find that I include all of these factors in my discussion of the depression. However, in addition to these economic factors I seek to explain the underlying reasons for the almost total failure of the leading powers to address the crisis together. These reasons, some rational, others irrational, were, I argue, essentially political and many were bound up with the question of international security. Because hitherto they have been largely omitted from the explanation of the economic crisis – and the economic crisis is generally treated as an 'external' factor in the making of the international political crisis - I advance my claim to originality.

I will return to this claim, but for now let me take up Kirshner's third challenge to the effect that I wrongly present France as "heroic": "for the most part right and almost always well intentioned [but] done in by Anglo-American Francophobia." As Kirshner knows, I nowhere use the term heroic of France or attempt to whitewash it. At one point (pp.20-21) I discuss the peculiar features of racism in French public life, drawing parallels here with Britain. I also mention the rise of the right-wing *ligues* in the mid-1920s and their revival in the early 1930s. Nor do I reduce the problem to Anglo-American Francophobia. While I note the presence of Francophobia in the United States, particularly during Hoover's presidency, I place far more emphasis upon isolationism in America. Kirshner, who implies that isolationism deserves more emphasis than I give it, appears to take no account of my extended discussion of the subject in chapter 2 section 2, entitled "The persistence of isolationism in postwar United States' (pp.78-85), in chapter 4 section 4 entitled 'Herbert Hoover: aggressive isolationist" (pp.230-37), and elsewhere in the book. In the case of Britain I suggest that Francophobia is a misleading term, since it was only part of a broader racialist framework that affected Britain's attitude, in various ways, towards the whole of Europe.

Kirshner suggests that our differences largely boil down to disagreement over the possibility after the First World War of reintegrating Germany into the international states system, and that whereas he shares the British (and occasionally American) view that this was possible to do so and indeed necessary on account of the fragile international economic system, I evidently share the "deterministic" French view that this was impossible because Germany "was inevitably and relentlessly, under any government or circumstance, driven to subjugate the continent of Europe." On this issue it seems to me that Kirshner has gotten hold of the wrong end of the stick. As I argue, it was largely Britain (but also Americans involved in international affairs) that displayed dogmatic faith – in liberal economic policies, in the new (liberal) diplomacy, in Germany's transformation – and France that displayed a flexible realism.

By the end of the First World War Britain had lost over 700,000 men and France nearly 1.4 million men, mostly in battles with German forces on the Western front. Yet despite suffering such horrendous losses, British political leaders and a large fraction of the educated classes seemed confident that postwar Germany no longer constituted a serious threat. The British general staff took little interest in learning lessons from the recent conflict: as if there would never be another Continental war. And the foreign office repeatedly eschewed discussion of the balance of power – something that Marks finds difficult to believe. Why? Why this dogmatic assumption, adopted even before Britain was at peace with Germany and hence before evidence existed to back it up? Like Kirshner, some British historians use terms like "trauma, exhaustion, and overextension" to make sense of it, as I mention in my account (p.42) But while the claim of trauma and exhaustion may go some way to explain public attitudes in Britain, it sits oddly with the government's vigorous policies in the Near East, India and elsewhere. Moreover it does not explain the extraordinary eruption of hostility towards France among the British middle classes immediately after the war, or why Britain's professional diplomats and military officers, whose job it was to think dispassionately about national security, betrayed similar irrational prejudices. I therefore spend some time setting out what I believe to be a satisfactory explanation of Britain's postwar outlook.

France, contrary to Kirshner's source, Arnold Wolfers, was not "hypnotized by the German menace", if that means – as I believe it does – irrationally transfixed by the threat. But after suffering extraordinary casualties – nearly 1.4 million, proportionately a hundred times more than America's losses in the Vietnam war – France was intensely suspicious of its eastern neighbour. Given that, despite the change of regime, the same men who had supported the war still dominated most of Germany's institutions, and Germany remained potentially far more powerful than France, deeply resentful of the terms of the Versailles treaty and quite obviously intent upon revising its eastern frontiers, which could scarcely be accomplished without the threat of war, France's suspicions were scarcely surprising. It is true that France sought to retain elements of the treaty affecting its security – surely what any country in its situation could be expected to do – and to secure a British (and ideally an American) guarantee for its security when Germany got back on its feet. But this was not incompatible with reintegrating Germany into the international system. Indeed, as I discuss, France took several very impressive initiatives on its own precisely in order to reintegrate Germany into the international order. As early as 1919 France made direct contact with Germany in the attempt to establish interlocking economic commitments. In 1927 it adopted a trade treaty with Germany, known by contemporaries as the 'economic Locarno', which involved major French concessions intended to increase their bilateral trade, and in 1929 France became the first major country formally to promote European integration through peaceful means with priority to be given to economic cooperation.

Britain meanwhile refused any substantial contribution to European security, relentlessly pressed France to abandon key terms of the Versailles treaty, refused before and after the slump began to play any part in French-led attempts to shore up European trade, and in the middle of the financial crisis appeared ready to accept economic *Anschluss* in the form of an Austro-German customs union. France, as I argue, was not opposed to assisting Germany or Austria during the financial crisis. On the contrary, it had the means and was prepared to use them, but not at the expense of its own security. Kirshner makes the French out to be unreasonable for setting conditions on the use of their resources. But after everything that had happened since 1914, including the recent attempt at economic *Anschluss*, their action seems perfectly reasonable. What was not reasonable was for Britain to fold its arms, force France to choose between expending vast financial resources on propping up its provocative German and Austrian neighbours on the one hand and maintaining its own security on the other, then condemn the French as 'Shylocks' when they did not do what Britain wanted.

This is not only my view. As I point out, senior officials in the British foreign office frankly acknowledged in a paper to the cabinet several months later that Britain had been unwise to approach Europe's financial and economic crises independently of the security issue, and asserted that Britain must be prepared to contribute on both fronts if it wished to have any hope of resolving either of them. The foreign office, in fact, warned emphatically that Europe was on the very edge of a precipice, and that without swift and decisive action civilization itself could be destroyed: not a bad prediction in the circumstances. But the cabinet chose to ignore the paper and resumed its disjointed policy, pressing France to abandon reparations, disarm and maintain financial assistance to Germany and Austria, while taking no account of the effect of sterling's depreciation on France and other gold countries and making no contribution to European security. The result, as the foreign office warned, was disastrous.

A final comment on French actions. According to Kirshner, I turn "a blind eye towards many French blunders [and put] the best possible face on French society and behavior." Aside from becoming locked onto the gold standard with its severe deflationary consequences, which I shall address in my comments on Mouré's review, Kirshner does not specify the blunders, so I find it impossible to address the criticism. However, Kirshner does illustrate his view of French behaviour, and my one-sided approach to it, by claiming that France used its command of central bank resources as a political weapon against Britain as well as Austria and perhaps other countries. This, he argues, is borne out by the allegations of British journalists such as Paul Einzig (who incidentally wrote not for the <u>Financial Times</u> but the <u>Financial News</u>, a somewhat lighter publication) and the diary comment of Emile Moreau, governor of the Bank of France, in 1927 that "We now possess powerful means of exerting pressure on the Bank of England."

To take the last point first, Moreau, as I explain, believed – with good reason - that Montagu Norman of the Bank of England had for many years behaved badly towards France while it was financially weak and vulnerable, and was evidently tempted to 'get even' once the franc recovered. On one occasion, Moreau's young assistant Pierre Quesnay did actually utter a threat to undermine sterling. But the threat was not carried out, and the only time Moreau or his successors deliberately used their financial resources to make life difficult for the Bank of England was in spring 1927. This, however, was for specifically economic purposes – to discourage large-scale speculation from London on a further rise in the franc exchange - and moreover Moreau soon heeded Norman's request to halt. Subsequently differences arose again over who was to take the lead role in gold stabilisation loans to France's allies in eastern Europe. But the evidence reveals that it was mainly Norman, not Moreau, who engaged in deceptive practices.

I devote a lot of space to allegations of France's use of gold and other financial resources for political purposes – probably too much for some readers. While no doubt I have not read everything on the subject, Kirshner's claims are simply not borne out by the evidence. As I explain, City editors of the British press howled with rage on at least three occasions at alleged French attempts to pressure the British government into political concessions by attacking sterling. But sterling's weakness on each occasion had other plausible explanations including Britain's worsening current account deficit, sterling's exposure to trouble in Central Europe, a (largely British) flight from sterling, or some combination of the three. In summer 1929, when the slump in the pound led the British press to accuse France of manipulation, French officials were confident of British cooperation at the Hague conference, and sterling's weakness against the franc was matched by weakness against a range of other currencies. In winter 1930 and summer 1931, while Einzig and other British journalists again accused France of dirty tricks, it was the Bank of England, not the Bank of France, that unbeknownst to the journalists was encouraging sterling weakness in order to pressure the British government into fiscal belt tightening.

The evidence, in fact, leaves no doubt that French leaders were disturbed by the damage the unfounded allegations of French attacks were having on relations with Britain, and were prepared to help in strengthening sterling. In November 1930 Clément Moret, Moreau's successor, was surprised and disappointed when Norman brushed off his offer of help. In January 1931, just when Moret was considering a rate rise to signal hard times ahead, he yielded to the request of the French premier to reduce his discount rate as a gesture of solidarity to Britain. (Readers might like to consider if any major central bank today would be likely to make such a concession to a foreign power.) In summer 1931 the Bank of France and the French government unhesitatingly extended support to the Bank of England and the British government. On none of these occasions did French officials request or even mention any political concession.

The sensational rumours of French machinations by the City editors of the British press, which Kirshner prefers to believe, are consistent with British (and to some extent American) interwar views of France. This would have it that France was a powerful, imperialist power with a strong state, a massive army and air force, and aggressive ambitions to dominate Europe and challenge the British empire at every point on the globe. As I explain, French leaders would simply not have recognised this picture. Practically without exception they never lost sight of the fact that with the loss of Russia the European balance of power had shifted dangerously against them, that France was far smaller demographically and industrially than Germany and likely to become steadily more so, that practically all constraints on Germany in the Versailles treaty were a wasting asset, that unfortunately the USA could not in its postwar mood be relied upon to intervene, and that therefore Britain's friendship was well nigh vital to France's survival. In the circumstances, French leaders might occasionally feel like abusing Britain, but they most certainly would not – and did not – do so. This does not make the French heroes or paragons, and I don't believe I present them as such. But their view of their own position was far more realistic than the view commonly held by contemporary British (or American) leaders and frequently replicated in modern accounts. That lack of realism, which proved so pernicious in the interwar period, is, I believe, the appropriate issue to dwell upon.

Turning to Kenneth Mouré's review, some of my response is implicit in the above comments, so I shall be rather briefer. Mouré is probably correct to say that I seem indifferent to, if not ignorant of, a good deal of recent work by economists and economic historians. This is a subject I passed over far too hastily in my Introduction, and if I ever have the chance to revise my account I would certainly address his objection. Without attempting to justify this shortcoming, I will however make two points. First, the central question I pose is this: if the distinctive feature of what I call the great interwar crisis was the simultaneous collapse of the international political and economic systems, what was the direction of the causal connection between them? Indeed, were they two separate crises – as other accounts present them – or a single crisis with common origins? While it is of course true that economists and other historians have made innumerable contributions to our understanding of the interwar years, including the period of the world depression, I believe I am correct in saying that they do not pose this question or provide a clear answer to it. Hence, my apparent ignorance of, or disregard for, their contributions to this history. Second, and following from the first point, I have not ignored the contribution of authorities such as Peter Temin and Barry Eichengreen to interwar economic history, which has increasingly found favour among economists in the past twenty years. And I certainly do not ignore the fact that the gold standard was asymmetrical in imposing deflation upon countries losing gold without compensating inflation in countries gaining gold. In fact, it should be obvious that my analysis largely takes off from these economic arguments. For I discuss at some length the decision to restore sterling and other European currencies to the gold exchange standard in the mid-1920s, despite the risks involved, as well as the deflationary pressures in the second half of the decade.

However, my chief concern is to explain the reasons – political as well as economic – why the gold standard was adopted notwithstanding the risks, and the reasons why – again political as well as economic - the proposals were rejected for reforming the international monetary, trade and payments system (including the deflationary and asymmetrical operation of the gold standard) before the great crisis began. I also seek to explain how diplomatic action, notably the relaxation of constraints on German revisionist ambitions and the failure to establish a coherent security framework in Europe, added to the fragility of international economic relations. Similarly, after the crisis began, I do not attempt a new explanation of the world economic depression. Rather I seek to explain how and in what ways the economic crisis aggravated international political relations on the one hand, and how the worsening international political crisis aggravated the economic crisis on the other. Thus throughout I point to political actions that aggravated the economic crisis, and proposals that might – I emphasise might – have lessened the global economic decline or accelerated recovery, had they not been opposed for economic or more often political reasons. Most of the events I describe are familiar to historians, and in many cases they have been recounted in greater detail elsewhere. My contribution, such as it is, is to address them in a different context, in order to explain how politics and economics interacted to make a bad situation worse.

Mouré asks if I have "an economic explanation for the Great Depression or is it ultimately a diplomatic failure in dealing with unexceptional economic problems?" As I hope I have by now made clear, my thesis is that there were economic causes, but they were embedded in a political context which made the economic crisis more intractable and, when it came, more sudden, acute and deeper than it might otherwise have been. Hence the political and economic problems were so intimately bound up as to create a single crisis. Can we measure the relative effect of the economic and political causes with any precision? I do not see how this is possible.

Mouré observes that while I identify 1927 as a turning point, "it is not clear what 'turned' in 1927." He adds, "Perhaps 1927 was a tipping point, with trends already underway moving decisively against 'globalization' and towards a priority for nationally focused efforts. But this shift had been underway for some time." I can do little more than disagree and invite readers to consider the evidence I provide in chapters 3 and 4. As I believe I make clear, between 1921 and 1927 the principal countries of the world (always excepting the Soviet Union) were generally prepared to absorb the burden of adjustment domestically or seek solutions through collective international action. But from 1927 signs appeared of growing disillusionment with this approach and increasing readiness to resort to unilateral external action, notably trade protection but also capital export controls, gold hoarding, etc.: what became known as beggar-your-neighbour policies. Simultaneously, from 1927 signs appeared of growing nervousness at the fragile state of international diplomatic and security relations. Hence France's increasingly desperate attempts to retain influence within the countries of east central Europe and promotion of European unity.

Mouré complains that I sketch '[t]he path from 1931 to war ... all too briefly.' I suppose this is true, but, as I explain in the Introduction (p.21), my purpose is not to explain the origins of the Second World War, but rather to explain the simultaneous breakdown of the international economic and political systems between 1927 and 1934. It is true that the world economy made a partial recovery after 1932, and war in Europe did not begin until 1939. But the economic and political systems that were restored after the First World War had been swept away by 1934, to be replaced by substantially different ones.

A few words about my treatment of post-1945 developments. Mouré claims that I pay "little attention to [the] realm of policy knowledge" that led to the "new international framework" in 1945, which demonstrated that policy makers had learned from the failures of the interwar period. My afterward on post-1945 developments is necessarily brief, but I at least summarize some of the lessons to which he refers. The relevant section begins: "Before the Second World War ended, the developed countries of the West had begun to apply some lessons from their recent experience. They created new institutions, including the International Monetary Fund (IMF) ...[and] through the IMF they agreed upon new rules on international payments adjustment to avoid a return to the beggar-your-neighbour policies that characterized the 1930s."(p.439) I also describe how "most developed countries reacted to the great interwar crisis by adopting versions of economic planning and limiting the exposure of their economies to the vagaries of market forces."(p.439) But my main aim is to illustrate the central theme of my book, namely the dynamic links between international economic and political relations. Thus as I explain, notwithstanding the economic lessons learned from the interwar experience, the Anglo-Saxon powers did <u>not</u> learn one of the most important lessons, namely the need for an adequate framework of security as a condition for reopening international markets. As I point out, several prominent observers including John Foster Dulles and George Kennan flagged this problem, which was only surmounted with the onset of the Cold War (pp.440-41) Since this is central to my thesis and largely overlooked in accounts of postwar reconstruction, I trust that readers will understand why I do not focus solely upon the economic lessons from the interwar period.

Mouré poses a number of questions, which are best left to readers to address. I will comment on only one of them, concerning my treatment of racism as a factor in international relations. Mouré suggests that I may be exaggerating its importance, and that what I call racism in the democratic powers might more accurately be described as simply "national stereotypes and prejudices." He also affirms the need for "careful definition" and the distinction between the use of the term "race" by 'British educated classes ... [and] the radical bio-political racism that became state policy in Nazi Germany.'

My book is not chiefly about racism, and I stress that racism was never more than one factor in the shaping of policy in any of the countries concerned. Nevertheless I do address the problem of definition, affirm that British racism was not just the same as Nazi Germany, and explain why nonetheless racism is a more appropriate term than "national stereotypes and prejudices." Here are the opening sentences of my discussion in the Introduction: "As they had done before the Great War, so in the interwar period members of the English educated classes casually and unselfconsciously employed racist language, using the terms race, nation and people in a loose, interchangeable and frequently inconsistent way. Historians who equate racism with extremism or who define it in narrowly biological or genetic terms generally treat this usage as of little account. Yet it is clear that many if not most people in British public life engaged in racial stereotyping, and that whatever the biological or genetic assumptions they made, they accepted that racial groups possessed distinct and largely immutable characteristics which defined their suitability as friends or allies."(pp.18-19) After a lengthy discussion of the origins and character of racism in the three powers concerned, I recur to the difficulties of definition: "What British, American or French writers meant when they referred to race is often unclear, and the extent of racial categorization in the liberal democratic powers cannot be precisely measured."(p.20)

I return to the issue at several points in my account, and in the Conclusion (pp.428-30) I review the evidence of racial influence upon British, American and French international behaviour. On Britain I write in part: "it was also a commonplace of liberal thought to associate Britain's liberal freedoms with its Anglo-Saxon heritage, which in turn encouraged a sense of affinity with other supposedly Anglo-Saxon peoples including the dominant element in the United States, the "white" Dominions and Germany. Not all British observers shared this view, and some of those who did so spoke only of a cultural rather than a racial affinity. But as often as not their references bore a racist cast, revealing a view of humankind comprised of races which stamped their members with distinctive and largely immutable personalities." (p.429) Readers may disagree with my analysis of the role of racism in international affairs, but I trust they will not be under any misapprehension that I have addressed this self-evidently sensitive subject in a crude or offhand way.

Finally, I come to Stephen Schuker's highly stimulating and very generous review. I have less to say because Schuker has less to criticise, and I have in any case taken up a number of relevant issues. He is right to criticise my decision to stop short at events in early 1934. As I have explained already, I justify this on the grounds that the international economic and political systems had practically collapsed by then. But it is also true that there is more I could and should have said about the breakdown and transformation into the destructive imperialist systems that largely replaced them for the next decade or so. However, I will defend what he calls my hobby-horses and address his comment on deregulated markets.

First, Schuker criticises the "undue weight [I place] on Anglo-Saxon race prejudice as an explanation for substantive diplomatic decisions." Without repeating what I have already written above, I will merely comment that, in my judgment, historians have generally lost sight of the omnipresence of racism in pre-Second World War Britain, Europe and elsewhere in the developed world. For very understandable reasons they have focussed their attention upon two forms of racism, anti-Semitism and colour racism, almost to the exclusion of other forms. This has obscured the ubiquity of racism, which for many people was as fundamental a basis of categorizing peoples as nationalism or religion, and affected domestic and international affairs in manifold ways. As I point out, many historians acknowledge that Britain's foreign policy in the interwar period is difficult to explain and that there is evidently something irrational in the behaviour of decision-makers, but they fall back on unconvincing and largely unsupported explanations. British racism, as I define it, is not only consistent with their policy, but actually goes a long way to explain it.

Second, Schuker discusses my supposed opposition to the most-favoured-nation clause in trade agreements. In fact, I argue that the most-favoured-nation clause was (and still is) in principle desirable. But where a situation arises in which the world's largest exporting country enjoys a decisive comparative advantage across a wide range of 'new' industries and resorts to stiff protectionism while demanding most-favoured-nation treatment from other countries, the likely outcome is a general retreat into protectionism, which damages everyone. This was the predicament created by the United States in the 1920s. Nowadays most countries facing this predicament would be likely to maintain their international competitiveness by allowing their currencies to depreciate. But in the interwar period practically no country was prepared politically to choose this option. In the circumstances, their only means of sustaining international trade was to keep their markets open on a reciprocal basis; in short to adopt the most-favoured-nation clause in its conditional form. This was a dangerous option, as I explain, since it set precedents that could be used by aggressive imperialist powers. But at one time or another most countries of Europe were prepared to adopt it in preference to a general retreat into protection.

Finally, Schuker's is sceptical towards my claim that the recent financial crisis has severely discredited the "Anglo-Saxon model of deregulated markets." I fear that Schuker misunderstands my meaning. The issue is not markets or no markets, or regulated versus unregulated markets (since all markets require some regulation, even if informal), but adequately or inadequately regulated markets. As I write in my Introduction: "Capitalist market relations create scope for expanding employment and great wealth accumulation. But they also potentially lead to a rapacious consumption of resources, dangerously large externalities such as industrial injuries and environmental degradation, and periods of large-scale unemployment, social distress and political upheaval. Most governments are wise enough to recognize both the benefits and the dangers of capitalist market relations, and the need to intervene in order to mitigate the worst consequences. The framework of rules and institutions is thus periodically loosened or tightened, but it is never done away with, since to do so would lead eventually to a breakdown of the capitalist system itself."(p.7) Before the recent recession the Anglo-Saxon powers led the way in deregulating markets, and since then this model has faced criticism from many quarters, not least from within the United States. (The recent report of the U.S. Financial Crisis Inquiry Commission makes my point precisely.) However, as I indicate, I do not expect reregulation to go very far, and once recovery gets fully under way the trend is likely to be towards a loosening of regulations.

In closing, I trust it is not out of place to mention some of the original elements of my book that the reviewers have passed over: (i) my portraits of Woodrow Wilson, Warren Harding and Herbert Hoover which depart substantially from existing portraits; (ii) a new interpretation of Britain's approach to the peacemaking in 1919; (iii) the geographical and economic character of inter-war American isolationism which has been largely overlooked elsewhere; (iv) a new account of the 1929 U.S. presidential election; and (v) my challenge to the conventional treatment of political doctrines or ideologies in the interwar period. As I argue, historians have devoted enormous attention to the extreme doctrines of the Left and Right, "and it is true that they made most of the running in the 1930s. But this was not the case in the 1920s or at least until the great [interwar] crisis began. On the contrary, the dominant political doctrine in this period was liberalism and its economic expression, market capitalism."(p.17) Since the crisis, which created the conditions for the extreme doctrines to flourish, was in a very real sense the failure of liberalism, I have accorded it a central place in my account.