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Explaining the Failure of the London World Economic Conference

In June 1933 the World Economic Conference, which brought together 65 nations and representatives from six international organisations, convened in London's new Geological Museum¹. The conference was unprecedented in both its size and expressed ambition. Unlike the World Economic Conference of 1927, politicians as well as experts were in attendance and the agenda embraced a large variety of economic and monetary issues, including the agenda of the Stresa Conference of September 1932 intended to assist the countries of Central and Eastern Europe. The Conference collapsed in undignified recrimination among the major powers barely two weeks later. Its failure marked the end of attempts at international economic co-operation in the interwar period.

From the late 1930s until the early 1980s published accounts of the World Economic Conference placed the blame for the failure of the World Economic Conference squarely on the shoulders of the United States. The case is made nowhere better than in Charles Kindleberger's magisterial study of *The World in Depression, 1929–1939* which emphasised the failure of America to provide the leadership vital to light the way out of the crisis, regardless of whether others were prepared to follow². Roosevelt's "bombshell message", as his telegram to the World Conference denouncing the temporary stabilisation agreement was known, became emblematic of America's failure to take up its hegemonic responsibilities to stabilise global economic and diplomatic relations in the interwar period that resulted in unprecedented depression and war.

More recent studies of the World Economic Conference by economic historians, however, have moved away from accounts of hegemonic failure. Indeed, the episode has taken on renewed significance because, as the work of Barry Eichen-

¹ The exhibits were yet to be installed.

² The most enduring examples remain: *C. P. Kindleberger, The World in Depression, 1929–1939* (London 1987); *A. Schlesinger, The Age of Roosevelt: the Coming of the New Deal*, vol.2 (Boston 1961); *H. V. Hobson, Slump and Recovery. A Survey of World Affairs, 1929–1937* (London 1938) 204–205; *S. V. O. Clarke, The Reconstruction of the International Monetary System: the Attempts of 1922 and 1933* (Princeton Studies of International Finance 33, 1973); *J. R. Moore, Sources of New Deal Economic Policy: the International Dimension*, in: *The Journal of American History* 41 (1974) 728–44.

green has made clear, one of the best policy responses to break the stranglehold of the Great Depression on the world economy would have been for the world's leading economies to undertake a strategy of co-ordinated devaluation (coupled with deflationary measures) to reflate the world economy. Such a strategy was considered and might have been favourably employed at the World Economic Conference in 1933, but was rejected by countries determined to pursue nationally orientated policies³. This conclusion, coupled with research that emphasises that the smooth functioning of the gold standard was far more dependent on international cooperation than the apparent automatism of the mechanism suggested, has also served to underline how far the failure of international cooperation explains the depth and duration of the depression and that the failure to pursue international co-operation was a multilateral one⁴.

Diplomatic historians, however, have been slower to exonerate the "irresponsible" Roosevelt. Although they are now in broad agreement that Roosevelt took an active interest in foreign affairs from the outset of his presidency, the "bomb-shell message" is the one aspect of Roosevelt's relations with Europe which diplomatic historians have found difficult to reconcile with the President's internationalist credentials. Even Robert Dallek has struggled to absolve Roosevelt from the charge of "irresponsibility" in London⁵. The message is still seen to mark the end of Europe's short-lived expectations of future collaboration with America raised by Roosevelt's election campaign and the interregnum⁶.

This paper will attempt to draw the history of Roosevelt's economic foreign policy towards Europe onto a broad canvas to reflect the multilateral character of economic and diplomatic relations in the depression. The key to understanding the failure of international economic co-operation in this period lies not in the deficiencies of American leadership, nor in the lack of viable policies, but through the lack of political will for co-operation demonstrated by all the world's leading powers. True, in Roosevelt's first term of office, forays into foreign policy were shaped strongly, and sometimes constrained, by the President's determination to secure a national economic revival. The scale of the crisis, coupled with America's "exceptional" history and constitutional "safeguards", meant that neither the American administration nor the American people were inclined to take the lead in economic diplomacy. But when it came to more political questions, like those embedded in trade protectionism or war debts and reparations, the shortcomings of American internationalism was only part of the problem. As this paper seeks to

³ B. Eichengreen, *The Origins and Nature of the Great Slump*, in: *Economic History Review* 45,2 (May 1992) 13–39; P. Clavin, *The Failure of Economic Diplomacy. Britain, Germany, France and the United States, 1931–36* (London 1995) chapter six.

⁴ B. Eichengreen, *Golden Fetters. The Gold Standard and the Great Depression, 1919–1939* (Oxford 1992) *passim*.

⁵ R. Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1929–1945* (Oxford 1979) 41–58.

⁶ T. Ginsburg, *The Triumph of Isolationism*, in: G. Martel, *American Foreign Relations Reconsidered, 1898–1993* (London 1994) 90–102.

demonstrate, the ability of other countries to demonstrate genuine political will to co-operate was equally important. Political change in Europe since 1929, for example, introduced a number of new actors, some of whom were strongly hostile to international co-operation, into the diplomatic mix. By highlighting the foreign economic policies of Europe's leading economic powers on international indebtedness, trade and monetary stabilisation, the paper underlines the external constraints on Roosevelt's foreign policy and how, in turn, the European response to America's overtures for international co-operation to tackle protectionism only worked to sour America's appetite for further co-operation with Europe.

Achieving international co-operation in 1933 was not just about the world's largest economy's ability to demonstrate leadership. International expectations were also shaped by diplomatic experience, political will, historical precedence and a perception of who was strong and who was weak in the context of the depression⁷. The see-sawing economic fortunes of the world's leading diplomatic actors further confused the picture. In particular, Britain's early recovery from the depression, coupled with its long history of international involvement, led to misplaced expectations of British leadership in 1932 and 1933⁸.

The final portion of the paper touches on the continued value of the World Economic Conference as a "lesson of history". When the World Economic Conference failed in 1933, the United States at first was in little doubt that it had done so because all the major participants in London had refused to co-operate. Indeed, if the Americans charged any single nation for sabotaging the conference, then it was Britain. They had expected better of a nation with a history of economic internationalism and who had promoted the World Economic Conference since June 1932. As Herbert Feis, Economic Advisor to the State Department complained at the time, although American statesmen "were no angels", the British were behaving with a "diminished sense of international responsibility" which was "very likely to stand in the way of any about turn in the whole course of international relations"⁹. The United States was also angered at, in particular, Euro-

⁷ For most participants the political will to co-operate was constrained by the primacy of domestic economic recovery. For a theoretical and historical perspective see: *B. Simons, Who Adjusts? Domestic Sources of Economic Foreign Policy during the Interwar Years* (Princeton 1994) *passim*.

⁸ On the role of historical precedent in policy formulation see: *C. Maier, In Search of Stability. Explorations in Historical Political Economy* (Cambridge 1987) *passim*; for expectations of British leadership see: *P. Clavin, The World Economic Conference 1933: the Failure of British Internationalism*, in: *The Journal of European Economic History* 20 (Winter 1991) 490–497; for the American tendency to overestimate British power in all aspects of its foreign relations see: *B. McKercher, Wealth, Power and the International Order: Britain and the American Challenge*, in: *Diplomatic History* 12 (1988).

⁹ Private papers of Herbert Feis, Library of Congress, Washington DC (Hereafter LC Feis), LC Feis:123, Feis to Frankfurter, 8 Nov. 1933; Franklin D. Roosevelt, Presidential Library, Hyde Park, New York (hereafter FDR), FDR:PPF 744, Kent to Roosevelt, 19 Jan. 1934. Feis' assessment focused, in particular, on British protectionism and reflected a view which was widespread in the State Department. It echoes the more recent findings of international relations theorist David Lake that Britain now acted as a "spoiler" in international trading

pean attempts to lay the entire blame for the conference's collapse at Washington's door¹⁰. Yet by the end of the 1930s, the United States had evolved a much more critical view of its contemporary history. In effect, the American account of the failure of the World Economic Conference had adopted the narrative presented by the European powers in 1933. The reasons for this change are complex and beyond the scope of this paper. However, the final part of the paper will sketch out the value of America's new historical narrative of events in 1933¹¹. The history of the conference and in particular the "bombshell message" played a central role in American propaganda efforts designed to educate the public as to America's new responsibilities on the international stage.

The External Constraints

War debts and reparations

This is not the place to explore the imbroglio of German-American debt relations, however, Brüning's decision to pursue a vigorous foreign policy for the abandonment of German reparation payments in 1930 set in train developments which were to have important implications for American relations with Europe in the Depression in general and the World Economic Conference in particular. The banking crises which swept across Europe like a bush fire in the late spring and summer of 1931 triggered the Hoover administration's only international initiative to deal with the economic crisis, the debt moratorium of June 1931. This postponed all payments of intergovernmental debts, reparations and debt relief, both principal and interest, for a year. Most important from the perspective of America's future diplomatic relations with Europe was the mistaken interpretation placed on it by the British government who believed that the White House finally had recognised the inter-connection between reparations and war debts. This interpretation, reinforced by repeated American urging that the banking collapse was a "patently European crisis", was also shaped by talks between Hoover and the French Prime Minister, Pierre Laval in October 1931. The American administration had appeared to endorse the notion that Europe should resolve reparations before turning to the United States for talks about war debts and demanded the "initiative on this matter should be taken early by the European

relations, *D. Lake*, *International Economic Structures and American Foreign Policy*, in: *World Politics* 35 (1983) 540.

¹⁰ *Clavin*, *Failure of Economic Diplomacy* 168.

¹¹ A very limited attempt to answer Emily Rosenberg's call to ask "new questions about the structures, plots, authors, and performativity of historical stories": *E. Rosenberg*, *Presidential Address. Revisiting Dollar Diplomacy: Narratives of Money and Manliness*, in: *Diplomatic History* 22,2 (Spring 1998) 165.

powers"¹². Britain's determination to see the end of reparations in the expectation that the United States would then reciprocate by absolving its former allies of their war debts laid a false trail which was to lead British and French policy on debts into direct confrontation with the United States.

Although both Britain and the United States recognised that they were not, for the most part, responsible for the German financial crisis, they were persuaded that removing the burden of reparations would be of great benefit to the German economy. The calculation was motivated by political and economic considerations. Co-operation on the "German Question" seemed to be one of the few remaining routes to international collaboration. By concentrating its diplomatic efforts on Germany, the British government, like that of the United States, was able to side-step any detailed reflection of the implications of its own economic nationalism on the global economic and diplomatic crisis. Hammering on about the need for reparation and war debt revision was appealing to the European powers because it offered an accessible medium for translating the dire economic crisis into terms which politicians and their electorates could understand. Moreover, the extension of American commercial credits under the Dawes and Young plan loans and British short-term credits extended during the financial crisis in the summer of 1931 had tied the major powers, and more specifically the interest of powerful financiers, to Germany's economic and political future. This was especially true of Britain which, after revelations that the volume of British credit frozen inside Germany was estimated at some \$70 million, experienced a drain on its gold reserves, culminating in a sterling crisis that forced the pound from the gold standard. As James has demonstrated, after 1931, the debt crisis and the convertibility crisis were linked in the minds of British policy-makers, a conviction shared by their counterparts in Central Europe and Latin America¹³.

Most important from the perspective of future Anglo-American relations was the fact that British concern for German financial stability was equated increasingly with its own. In August and September 1931 Weimar's creditors voluntarily had agreed to freeze their credits inside Germany in the "Standstill Agreements". The agreements had important consequences for the future course of the German domestic economy, enabling it to sustain its foreign trade and, in theory, to borrow more on existing credit lines. The agreements also liberated Germany from the "rules" of gold standard membership, offering increased independence to formulate economic and monetary policy which official circles in Germany soon exploited to facilitate rearmament. The Standstill Agreements also had important consequences for future diplomatic relations between Britain and the United States¹⁴. Accepted at first by British and American financiers as a short-term

¹² Text of Hoover Laval communiqué, 25 Oct. 1931, Papers Relating to the Foreign Relations of the United States, 1931, vol.2, 252-53.

¹³ H. James, *Financial Flows Across Frontiers in the Great Depression*, in: *Economic History Review* 45 (August 1992) 280.

¹⁴ The standstill agreements' implications for Anglo-German relations has been explored but generally neglect to mention the implications for Anglo-American relations. See, for

necessity, the agreements were to become a long-term hardship. They were renewed in January and again in June 1932 when an agreement was signed for a further 12 months period.

In the months after the Hoover Moratorium and the Standstill Agreements were secured, both Britain and the United States grew increasingly anxious to safeguard their frozen credits inside Germany, but their policies differed in important respects. While American economic foreign policy succumbed to paralysis in the face of the domestic crisis, the new National Government in Britain, invigorated by electoral success and the apparent success of its move to protectionism and a loosening of monetary policy, was determined to take "a big bold lead in the world"¹⁵. London noted with increasingly alarm how many in Germany had begun to blur the distinction between commercial and political debts. Britain was very anxious to nip the trend in the bud and increasingly adopted the view that commercial credits extended by Britain to Germany would be safeguarded best by the complete abolition of political debts. In other words, both war debts and reparations should be abolished. As is well known, this conviction, coupled with fortuitous political developments in France, culminated in the effective abolition of German reparations at the Lausanne Conference in June 1932. In order to secure French agreement at Lausanne, Britain and France signed a "Gentleman's Agreement" which made French ratification of the Lausanne settlement conditional on an Anglo-French war debt agreement with the American government. In Whitehall, the Foreign Office alone feared that Britain's decision to present the incoming Democrat Administration with a *fait accompli* on reparations and war debts posed a serious threat to Anglo-American relations given the Americans often stated hostility to a "united European front of debtors"¹⁶.

In order to lure the United States into war debt negotiations it did not want, the British government proposed a World Economic Conference to address the growing crisis in monetary and trading relations. Enshrined in the fifth article of the Lausanne Conference, Britain sought to exploit preparations for the World Economic Conference to secure an Anglo-French agreement on war debts. It was a risky strategy for the issues which secured American participation in the conference (alongside that of sixty-four other countries), were the floatation of sterling and Britain's move to protectionism – the very topics Britain did not want to open up to American scrutiny. The timing of the World Economic Conference was exploited very deliberately by the British who time-tabled the preparatory meetings for the conference to coincide with the December 1932 war debt payment due to the United States, with the 12 June payment falling three days before the opening

example: S. Newton, *Profits of Peace. The Political Economy of Anglo-German Appeasement* (Oxford 1996) *passim*.

¹⁵ Record of conversation between Harrison and Mills reflecting on recent comments by Ramsay MacDonald, 17 July 1931, Harrison Papers, Records of the Federal Reserve Board New York, New York.

¹⁶ Letter from Runciman to Baldwin, 24 June 1932, vol.119, Baldwin Papers, University Library, Cambridge.

of the conference proper on 15 June 1933. So, too, was the conference agenda with the western Europeans arguing that problems like currency depreciation, trade protectionism and widespread unemployment made an immediate reduction of war debts to the United States imperative. The stakes were raised further when France failed to make its December 1932 war payment to the United States and was judged to be in default.

In January and April 1933 Roosevelt spoke of Britain and the United States working together to improve the global economic climate and, encouraged by European rhetoric at the preparatory sessions for the World Economic Conference, repeatedly urged their governments to widen the parameters of debt negotiations to include issues of tariff protection and disarmament. But just as domestic considerations set limits on the war debt concessions FDR could offer Europe, regardless of any desire that FDR might have had to see the end of war debts, so the primacy of British and French domestic recovery, in particular, determined that the European powers were unable to do as the new President asked. Of course, the development of the President's domestic programme made the context of international monetary and trade negotiations more complex (more on this below), but the fact that the British government tenaciously clung to the primacy of a war debt over monetary or trade negotiations greatly soured Anglo-American relations. Rather than marking the end of war debt payments to the United States, the deadlock grew only more profound when British Prime Minister Ramsay MacDonald, in his presidential opening address to the World Economic Conference, made an explicit reference to the need, above all other co-operative measures, to resolve the war debt dispute. In his diary, the United States' Ambassador to Britain, Robert Worth Bingham, reflected the sentiment, widespread among supporters of FDR's internationalism, that MacDonald's incursion into the question of war debts was "inexcusable and unwise", serving only to weaken further the appeal of European involvement back home¹⁷. The conference's first "bombshell message" had come, not from the pen of Roosevelt, but the mouth of MacDonald. The following year the debt issue grew even more acrimonious with the passage of the Johnson Act in the United States. Much to Britain's chagrin, the Act branded her as a defaulter in the same class as the French and the Act prohibited all further loans to defaulting nations.

Much less public, but no less damaging to the prospects for co-operation among the leading European powers, were American negotiations with Nazi Germany over the commercial debt frozen inside Germany under the standstill agreements. While Britain's "co-operative" stance on reparations helped to secure assurances from the German government that its commercial credits inside Germany would be safeguarded, in May and June 1933 the Nazi government attempted to default on its commercial obligations to American bondholders. After his May 1933 meeting with the new German Finance Minister and Director of the

¹⁷ Diary entry in Bingham Diary, entry 15 June 1933, Manuscripts Division, Library of Congress, Washington D.C.

Reichsbank, Hjalmar Schacht, FDR complained "this is terrible. I am in an awful mess with Europe ... European statesmen are a bunch of bastards."¹⁸ The reference to Europeans, as opposed to Germans, was not a slip of the tongue. A number of historians rightly have pointed out that Roosevelt was not very sympathetic to the interests of American bondholders, but his anger was fuelled by reports from London and Berlin which claimed that Schacht and his old friend at the Bank of England, Sir Montagu Norman, had concluded a commercial debt agreement which largely protected the investments of British bondholders in Germany. American annoyance at an Anglo-German commercial debt agreement, formalised into a long term arrangement in 1934, was no accident. It was part of a deliberate German strategy to sow suspicion in Anglo-American relations to forestall a united "Anglo-Saxon" front which would threaten Nazi ambitions overseas at a time when the Reich was still vulnerable¹⁹. The American conviction that "British banking authorities are working closely with German authorities to develop further plans satisfactory to themselves" also undermined Presidential support for an initiative to encourage co-operation on international trade which the administration had hoped would strengthen its relations with Europe in general and Britain in particular²⁰.

An American initiative on trade

There is now a considerable body of scholarship detailing how the structural changes within the American economy, coupled with the new constellation of interest group politics and the profound desire to avert another Great Depression, generated policies to fundamentally reform international economic relations in order to restore world trade. By 1932 many, both inside the Commerce and State Departments and with-out, began to argue that the United States should move away from the inconsistent, "double-edged" Open Door and adopt a reciprocal trading policy. The State Department, in particular, was stung by repeated European criticism that American protectionism compromised its investments in Europe, that it had prompted Britain and France to abandon the collection of reparations, and was forcing countries like Germany from the international economy. The shift in official sentiment was supported by the increasingly free trade position of the largely capital intensive industries like banking, and the oil and electricity companies which had fared rather better than most in the depression. Once

¹⁸ Entry in Diary of Henry Morgenthau Jr., 9 May 1933, Farm Credit Diary, Book 0, Franklin D. Roosevelt Presidential Library, Hyde Park, New York.

¹⁹ P. Clavin, *Failure of Economic Diplomacy* 103–109, 138–141.

²⁰ Communiqué from Hull to Phillips, 11 June 1933, SD 862.51/3168, Records of the State Department, National Archives II, Washington D.C.

Republican supporters, they were now increasingly drawn toward the professed low-tariff position of the Democratic party²¹.

In the new Democratic administration Cordell Hull was the undoubted champion of such a strategy, intent on liberating world trade as "the fundamental basis of all peace"²². Once dismissed by scholars, Hull's contribution to successive Roosevelt administrations has been re-appraised to stress his long-term influence on American economic diplomacy and Roosevelt's internationalism²³. After his appointment as Secretary of State in March 1933, he took every opportunity to publicise the administration's resolve to secure Congressional authority to negotiate Reciprocal Tariff Agreement Act (RTA) agreements based on a flat rate reduction of 10 per cent of existing barriers, a corresponding percentage enlargement of quotas, and bilateral agreements with unconditional MFN treatment.

The State Department's competition with the nationalist orientated "bright, young things" responsible for devising and implementing the New Deal, is well known and certainly worked to delay Roosevelt's support for the RTA until 1934, where upon the United States concluded reciprocal agreements with countries in Central and South America – the region where they were most successfully implemented (by 1945, 29 RTA treaties had been secured), reducing the United States tariff by almost three quarters²⁴. Hull's initiative had important consequences for Pan-American commerce and diplomacy which have been well documented. Less well known is the fact that Hull sought to conclude his very first reciprocal tariff agreement with Britain.

From December 1932 (the initiative is more typically dated from 1934 or 1936), Hull's overtures for an agreement to halt the escalation of trade barriers were directed, in particular, at the British government. By January 1933, three months before he was fully installed as Secretary of State, Hull already had adopted the Republican sponsored tariff truce for the World Economic Conference and planned to use it to secure the first reciprocal tariff act with the British government²⁵. The State and Commerce departments even harboured hopes that an Anglo-American RTA would provide the basis for initiating multilateral tariff

²¹ *T. Ferguson*, *Industrial Conflict and the Coming of the New Deal: The Triumph of Multi-national Liberalism in America*, in: *G. Gerstle, S. Fraser, The Rise and Fall of the New Deal Order, 1930–1980* (Princeton 1989) 17–18.

²² Hull's speech to the World Economic Conference, 13 June, 1933, Papers relating to the Foreign Relations of the United States, 1933, vol.1, 636–640.

²³ *I. Gellman*, *Secret Affairs*. Franklin D. Roosevelt, Cordell Hull, and Sumner Welles (Baltimore 1995) *passim*.

²⁴ *D. Steward*, *Trade and Hemisphere: The Good Neighbour Policy and Reciprocal Trade* (Columbia 1975) 208–220.

²⁵ Significantly, the idea for the truce originated with Norman Davis, US Ambassador in Geneva under the Republicans, but a long time Democrat who had been widely tipped as a future Democrat Secretary of State. He corresponded with FDR about the truce and helped to shape FDR's first impressions of Neville Chamberlain. See *Private Papers of Norman Davis*, Library of Congress (hereafter LC Davis), LC Davis:51, Davis to Roosevelt, 15 November 1932.

reductions throughout the world through the operation of unconditional most-favoured-nation treatment. American hopes were supported by the conviction that British power was founded on free trade and that Britain would, with American support, return to free trade. The determination of men like Hull, and of like-minded advisers William Phillips, Herbert Feis, Leo Pasvolksky and later Dean Acheson, came from the lessons of history as they perceived them. History demonstrated the dependence of the British economy on the world export market and, moreover, Britain's reputation and experience in the field of trade negotiations would enhance that of the United States. As one American official put it, "the idea for a bilateral trade treaty with the British" arose because: "they would probably be the easiest person [sic] to do it with ... and then see what kind of animal that would be and how wide its application would be to others."²⁶ American aspirations for an agreement certainly made an impact on National Socialist Germany. From February until early June 1933 both the German Foreign and Finance Ministries repeatedly expressed a profound concern that Britain and the United States were "very likely to sign a trade agreement in the near future" heralding a new era in Anglo-American co-operation²⁷.

It is exercising the historians' privilege of hindsight which makes the first two years of Roosevelt's presidency seem like a lost opportunity in Anglo-American relations. Back in 1933 the timing of Secretary Hull's tariff overture appeared particularly poor – Britain's Abnormal, General and Imperial tariffs had only just passed into law and it remained unclear how far Hull enjoyed the support of a president apparently torn between the nationalist and internationalist elements in his government. Equally unconvincing from the British perspective was the way that the State Department skirted over the sticky question of whether Congressional support for the RTA could be secured²⁸. On a more fundamental level, however, the problem was one of competition. Britain's £70 million trading deficit to the United States was a genuine obstacle to the conclusion of an Anglo-American trading agreement, as well as a source of great embarrassment; so, too, was British determination to strengthen its imperial power base and to meet protectionist promises made to its electorate²⁹. In the short term, there was also the practical difficulty that without at least a temporary stabilisation agreement, any attempt to negotiate a reduction of tariffs was likely to be futile.

²⁶ James Warburg diary entry of 7 April 1933, *Diaries and Papers of James Warburg*, vol. 3, Butler Library, Columbia University, New York.

²⁷ Memorandum from Neurath to Ritter, 3 April 1933, GFM 33:1231, 3177/D684107, Records of the German Foreign Ministry, microfilm held in Public Record Office, London.

²⁸ R. N. Gardner, *Sterling-Dollar Diplomacy* (New York, McGraw-Hill 1969) 39–47; NA SD 611.0031, Exec Cttee/40, memorandum by the drafting committee, 18 November 1933. The Germans were delighted by the public display of antagonism amongst the remaining democratic powers. See records of the German Finance Ministry, Bundesarchiv, Koblenz (hereafter BA R2), BA R2/21674, *Deutsche Führerbriefe*, No.58, 28 July 1933.

²⁹ Britain earned £31 million from its exports to US in 1936 while importing £114 million. I. Drummond, N. Hillmer, *Negotiating Freer Trade: The United Kingdom, the United States, Canada and the Free Trade Agreements of 1938* (Waterloo 1989) 42–43.

The British change of heart came in 1936 when Neville Chamberlain, then still Chancellor of the Exchequer, signalled Britain's new determination to open trade negotiations with the United States. Politics now took precedence over economics for Chamberlain was determined to secure an Anglo-American trade agreement to present Europe's dictators with "the possibility of these two great powers working together"³⁰. But the missed opportunity for agreement in 1933 cost Britain dear. Since 1932 inter-imperial trade had grown stronger and American farmers more vociferous in their demands for access to the British market. London's new willingness to explore the possibility of an agreement could disguise neither the incompatibility of British and American tariff structures which had grown more acute since 1933, nor the cumbersome machinery of the RTA. The agreement, finally signed on 17 November 1938, did little to liberalise Anglo-American trade, impress the German aggressors of "Anglo-Saxon" solidarity or trigger a global move to reduce international protectionism³¹.

The "bombshell" message

Of course, the drama over the issue of monetary co-operation in 1933 also served to deflect attention away from Hull's initiative and to show American policy in its most uncooperative light. As is well known, it was the clash between nationalist and international elements in the early New Deal, both in terms of policy and personalities, which pulled the rug from under Hull's feet in London. In June 1933 the Presidential support needed to get the RTA legislation through Congress evaporated, and Roosevelt embarked on a superficially radical policy of dollar devaluation which soured the climate of international co-operation. Roosevelt's famous "bombshell message", in which he rejected a planned temporary stabilisation agreement to provide a stable monetary foundation for the talks, became the ostensible cause for the collapse the conference and the basis for persistent European suspicions of Roosevelt's foreign policy thereafter. This is not the place to unpick the intricacies of the stabilisation negotiations, although the continued notoriety of the "bombshell message" is surprising given the twist and turns in international economic relations since 1931 and the renewed emphasis by economists on the benefits of currency depreciation (coupled with a commensurate loosening of orthodox policies) for national and international recovery.

³⁰ A. W. Schatz, *The Anglo-American Trade Agreement and Cordell Hull's Search for Peace*, in: *Journal of American History* 57 (June 1970) 100.

³¹ The Treasury did its best to assure the Germans of the RTA's insignificance. In October 1938 Leith-Ross told a visiting German trade delegation that the European economy "would be in serious danger if the European Great Powers worked against one another instead of co-operating" as they were "confronted with the ever-growing strength of the economy of the United States"; B.-J. Wendt, *Economic Appeasement: Handel und Finanzen der britischen Deutschland-Politik* (Düsseldorf 1971) 526.

Much has been made of the strong language and various explanations for Roosevelt's diplomatic naiveté have been offered by historians³². For those seeking to defend Roosevelt's action, one of the most interesting documentary leads comes from Roosevelt's private files when Alexander Sachs, an economist of the Lehman Corporation wrote advising FDR to take a "tough stand" on the gold standard. A clear indication of American hostility to gold – it is hard to imagine one clearer than the "bombshell message" – would "force the remaining gold-linked economies into some form of inflation"³³. In diplomatic terms, however, the President's choice of language was ill-advised as his strong condemnation of the fetishism "of so-called international bankers" for the gold standard left his representatives in London isolated and made him easy prey for British and French politicians, neither of whom were willing to co-operate with the American initiative of trade and tariffs and both of whom had made repeated demands for concessions on war debts since Roosevelt had come to power. Roosevelt had further reason to feel frustrated by developments in London, for on the very day that the London conference opened, the British and German press published news of an Anglo-German deal on commercial debts renewing the standstill machinery that sustained German imports and exports. At the same time, Schacht announced that Germany would no longer honour debts to nations who had a trading surplus with Germany, namely the United States, thereby reneging on German assurances given since 1924 that Germany would not discriminate between its debtors. Changes in French policy, too, had irritated FDR. In April 1933 France, though determined to uphold the sanctity of the gold standard, rejected an American proposal for a *temporary* stabilisation agreement to cover the forthcoming conference in the hope the Americans would offer them something better. Instead, when in May 1933 American policy took on a more radical flavour, the French were forced to revive the American proposal in the face of mounting pressure on the French franc and a weakening domestic economy. Their request was taken up by the Federal Reserve Board of New York who worked hard to revive Presidential support. At the same time, however, the French Prime Minister, Edouard Daladier and

³² For a summary see: *Clavin*, *Failure of Economic Diplomacy* 129–138.

³³ FDR Sachs: box 99, memorandum by Alexander Sachs, 25 June 1933. The dollar's floatation has been described by historians of the New Deal as the president's first nationalist act. Yet it could have been an internationalist act of tremendous import. There are further memoranda that reflect what might have been. First, in late November 1932, came a proposal from Herbert Feis, international economic advisor to the State Department, for an American-led co-ordinated devaluation of all currencies within the gold standard system. His comment at the time, that the proposal belonged "to the world of HG Wells", demonstrated quite how far the idea seemed beyond the pale. Then, in April and May 1933, came wide-spread rumours in both the British Treasury and the Foreign Office – so far it has not been possible to trace their provenance – that Britain and other members of the sterling bloc were to join Roosevelt in a new currency bloc of floating currencies. See, inter alia, NA SD 550.S1/9, memorandum by Feis, 9 Sept. 1932, and papers of 1933 Ministerial Committee for the World Economic Conference, Public Record Office, Kew (hereafter PRO Cab 29/140–146), PRO Cab 29/142, meetings of the British delegation, 3 and 4 July 1933.

Finance Minister George Bonnet, in part to secure renewed political support within the Chamber of Deputies, began to demand that a new, *permanent* stabilisation agreement should come out of the conference, this despite previous assurances to Roosevelt that the topic would be excluded from conference deliberations³⁴.

Equally frustrating for the American administration was the position adopted by the British government. Roosevelt and his advisers were only too aware that, since the floatation of the dollar there was, in real terms, little difference between American and British monetary policy. Both had abandoned the gold standard (whether they elected to do so or were "forced" off gold was a moot point), in order to raise prices, stimulate demand and investment through the fall in interest rates and to loosen the hold of orthodox policy on their economies. It is the failure to take this strategy further that explains the slow down in the national economies of Britain and America by the mid-1930s. Indeed, from September 1931 until April 1933 British monetary policy was a much greater source of international division than that of the United States. With the majority of the world's countries still on gold, it was often argued that Britain should demonstrate "responsibility" and "leadership" by returning to the gold standard³⁵.

After April 1933 British monetary policy was much closer to that of the Democrat Administration than to many European powers. In public, the British government rejected speculation regarding possible Anglo-American co-operation to revive the world economy because Roosevelt's intentions on monetary policy remained unclear in the summer of 1933. In private, the British government were quietly relieved that the dollar floatation had diverted international attention away from the floating pound, but were also concerned that the depreciating dollar threatened the advantages Britain had accrued since the floatation of sterling³⁶. British monetary policy, too, was governed by the primacy of domestic recovery. Equally important was the fact that the imperial dimension to British policy which had evolved, partly by accident, partly by design since 1931, led by the City of London and Treasury's determination to rebuild British power by "giving sterling a new force in the world", was conceived as a means to compete with

³⁴ K. Mouré, *Managing the Franc Poincaré. Economic Understanding and Political Constraint in French Monetary Policy, 1928–1936* (Cambridge 1991) 95; P. Clavin, *The Fetishes of So-Called International Bankers: Central Bank Co-operation for the World Economic Conference, 1932–33*, in: *Contemporary European History* 1 (November 1992) 296–303.

³⁵ In 1933 the French government were as hostile to the floating pound as the floating US dollar. (A 15% surtax was imposed on British, but not American, imports to France, for example.) There were repeated complaints of the "vulgarisation" of sterling and London's repeated failure, despite the comparative recovery and strength of its economy, to take any steps towards restabilizing sterling. See Archives Ministère des Affaires Étrangères (hereafter FFM), FFM Z/Grande-Bretagne/324, Rueff to Paul-Boncour, 16 May 1933; FFM Z/Grande-Bretagne/324, Rueff to Paul-Boncour, 26 July 1933.

³⁶ Memorandum by Henry Clay, 12 May 1933, OV31/22, Country files in Records of the Bank of England, Bank of England, London.

America³⁷. Roosevelt was right to suspect that Britain and, to a lesser extent France, exploited his unwillingness to co-operate on monetary matters “deliberately to discredit us for certain clear objectives”³⁸.

By exploring the relationship between different areas of policy and the diplomatic context as a whole, it is possible to conclude that Roosevelt alone was not responsible for the failure of the World Economic Conference. There were opportunities during FDR’s first year in office to improve American relations with Europe, in general, and Britain, in particular, and that the failure of co-operative efforts was as much to do with the political and economic priorities of the European powers as with the primacy of domestic recovery for America. Indeed, with the floatation of the US dollar in April 1933, the first hope was that Anglo-American relations would improve, not deteriorate further, as membership of the gold standard was no longer a source of tension in Anglo-American relations. Not only did Britain and the United States fail to launch a joint initiative to reflate the world economy and break the stranglehold of gold standard orthodoxy, the suspicion and hostility generated by events in London, notably between Roosevelt and Chamberlain, returned to trouble their relations throughout the 1930s. Interestingly, scholars who have studied the internal constraints on Roosevelt’s freedom to make foreign policy as he would have wished, also now argue that the best opportunities to shape public opinion to a more internationalist outlook were squandered between 1933 and 1935³⁹.

The World Economic Conference and the Lessons of History

The utility of the World Economic Conference did not end in the summer of 1933. The materials and proposals collated in preparation for the conference provided the basis for war debt, trade and monetary negotiations in the years to come. Roosevelt, in particular, continued to be drawn to the idea of an international conference to settle the world’s diplomatic and economic crises in the latter 1930s. FDR’s call in 1938 for a “conference of all nations” to consider “correlated questions to be solved in a spirit of justice”, the State Department’s World Recovery Programme of 1939 and the Welles Mission of 1940 all had their genesis in the World Economic Conference of 1933⁴⁰. After 1940, however, the history of the

³⁷ Discussed in: *P. J. Cain, A. G. Hopkins, British Imperialism. Crisis and Deconstruction, 1914–1990* (London 1993) 81–93.

³⁸ Communiqué from Roosevelt to Hull, 24 June 1933, SD 550.S1/Monetary Stab./47, Records of the State Department, National Archives II, Washington D.C.

³⁹ *T. Guinsburg, The Triumph of Isolation*, in: *G. Martel* (ed.), *American Foreign Relations Reconsidered, 1890–1993* (London 1994) 101.

⁴⁰ Telegram from Roosevelt to Hitler, 27 September 1938, cited in: *R. D. Challenor, From Isolation to Containment, 1931–1950* (London 1970) 84–85. See also file series NA SD 600.0031/World Program, 1936–1939.

failure of the World Conference, and, in particular, the “bombshell message” came to serve a very different purpose as the American administration developed a much more critical view of its foreign policy efforts in the inter-war period.

The impulse to “learn the lessons of History” was never stronger than during the years which saw the widespread collapse of liberal democracy, the failure of the diplomatic and economic order created after 1919 and a bloody second world war waged within a generation of the first. History was now a “bruised witness” called to the stand to offer truthful testimony about what went wrong⁴¹. As Roosevelt made clear in 1943, he was determined to rectify the errors of the last peace: “the well-intentioned but ill-fated experiments of former years did not work ... It is my intention to do all that I humanly can as President and Commander-In-Chief to see that these tragic mistakes shall not be made again.”⁴² Errors in regard to the treatment of Germany were uppermost in the minds of the audience of this fireside chat, but for Roosevelt the lessons went further. Throughout the war American policy-makers were preoccupied as much with objectives and plans for the post-war order as with helping the “right side” win. (Indeed, in the first years of the Second World War, the American preoccupation with learning the lessons of the past and planning for the future frequently frustrated their British friends and later allies who were engrossed with more pressing concerns.)⁴³

When it came to planning postwar international co-operation many of Roosevelt’s advisors developed a particularly critical appreciation of American foreign policy in the interwar period. The myriad of individuals who had opinions on, though intermittent influence over, the evolution of American foreign policy under Roosevelt, has always made it difficult to trace precisely who influenced the development and articulation of American foreign policy and when. So, too, did the dramatic pace of events and the tremendous growth of the American economy at war that triggered structural change and a new constellation of interest groups which this economic change helped to stimulate, that were instrumental in recasting American foreign policy⁴⁴. This is not the place to attempt to unpick the complex process by which the lessons of history were drawn, understood and implemented by the American administration, or to the potency of history as an

⁴¹ The observations of the European-trained scholar of American foreign policy on this process in American policy remain interesting. See: *S. Hoffman, Gulliver’s Troubles or the Setting of American Foreign Policy* (New York, London 1968) 33–110.

⁴² Christmas Eve Fireside Chat on Tehran and Cairo Conferences, 24 December 1943, *S. I. Rosenman, The Public Papers and Addresses of Franklin D. Roosevelt* (New York 1950) 559; *E. R. May, Lessons of the Past. The Use and Misuse of History in American Foreign Policy* (New York 1973) 4–5.

⁴³ For example, see memorandum by Horace Wilson, 9 November 1939, General Correspondence of the Foreign Office, Public Record Office, London (hereafter PRO FO371), FO371, 24247, 431/431/45.

⁴⁴ Institutions, like the Princeton Center for Advanced Study, the Yale Institute of International Studies and the Rockefeller Foundation, also forged significant international links between scholars and policy-makers.

analytical tool or the role of historians as policy advisors (perhaps something that can be taken up in discussion)⁴⁵. However it is relevant to note that by 1942 American “irresponsibility” in the global system and the disaster that this wrought, was demonstrated by two key events: the failure of the United States to join the League of Nations and the impact of the “bombshell message” on the World Economic Conference in 1933.

Learning the lessons of history was not just about changing intellectual convictions and defining new policies at the highest level of the administration. American history also demonstrated the risk of ignoring congressional and public opinion, and it is here that the historical explanation for the failure of the World Economic Conference was revived and recast. For most, if not all, of the 1930s, the United States had viewed the history of the failure of the World Economic Conference as a multilateral failure, defending itself vehemently against, in particular, British accusations that the conference had failed because of American “irresponsibility”. (Typical was Neville Chamberlain’s assertion in July 1933 that “there has never been a case of a conference being so completely smashed by one of its participants”⁴⁶.) The United States saw its “responsibility” to the international economy as no greater than that of the other major powers and had sought to demonstrate a will for “partnership” not “leadership” in the build-up to the international economic negotiations in London. But after 1942 the administration expressed its “responsibilities” in hegemonic terms. The transformation is well illustrated by the writings of Herbert Feis, a prominent adviser to the State Department and War Department until 1946 who went on to become a Pulitzer prize-winning historian of the Cold War. Writing in 1934, he argued that the disintegration of the international economy could only be halted “when Great Britain, the United States and France ... [have] faced their responsibilities fully in both currency and political relations”. By 1950 this multilateral account of international relations in the 1930s became one in which the United States failed to realise an economic potential that would “have made the difference between peace and war”⁴⁷.

The administration’s public information program (read propaganda) after 1945 to sell America’s new commitment to the new monetary and economic institu-

⁴⁵ The process is usually dated as taking place during the Second World War, but there are good reasons to suggest it was already underway in the 1930s.

⁴⁶ Private papers and diaries of Neville Chamberlain, University Library, Birmingham (hereafter NC), NC 18/1/836, Chamberlain to Ida Chamberlain, 15 July 1933. Such assertions were also made publicly and were in marked contrast to his complaint of May 1933 “I have a horrible time ahead of me with this awful World Economic Conference ... And it is difficult to see how anything valuable can come out of it.” NC 18/1/827, Chamberlain to Hilda Chamberlain, 14 May 1933.

⁴⁷ LC Feis:16, Feis to Frankfurter, 29 March 1934; LC Feis:83, essay for *Issues in American Life*, 1953, 12–13. For further details see *P. Clavin, C. Wilhelm, History as Propaganda: The role of German and British historians in “educating” the United States, 1933–1955*, European Union Human Capital and Mobility Programme project “History and Historians in European and American Societies and Cultures” 1996.

tions of Bretton Woods, and in particular, the planned International Trade Organisation, made extensive use of the lessons of history⁴⁸. When it came to presenting America's plans for the postwar order "History", in Harry Dexter White's words, offered "sex appeal" to counter the dryness of economics⁴⁹. Accounts of the economic imperatives for US participation in the world economy were shunned in preference to an historical narrative which began with a brief history of British "responsibility" towards the highly successful world economy in the nineteenth century, climaxed with a vivid account of America's "selfish" imposition of the Smoot-Hawley tariff in 1930 and its "irresponsible" behaviour at the World Economic Conference, and concluded with an exploration of the new, enlightened self-interest which distinguished American leadership in the creation of a new economic order for the world. In this process, the *Pax Britannica* of the nineteenth century became the role model for the new *Pax Americana* designed to make the world "safe for democracy" in the twentieth century⁵⁰.

Arthur Sweetser of the Office of War Information and Cordell Hull agreed in 1942 that it was essential to educate the American public "gradually and cautiously". "People nowadays were afraid of 'great plans' and they might react against them."⁵¹ Instead, in government propaganda initiatives, the devastating impact of the "bombshell message" served as explanation and lurid proof for the subsequent disintegration of economic and diplomatic co-operation, while the RTA served as a vital counterpoint to this sorry tale – the silver lining in the dismal history of American economic diplomacy in the 1930s⁵². In its presentations of the postwar order to the American public, the Anglo-American RTA, in particular, was presented as "a practical demonstration of positive international co-operation ... that produced results and the way people have got accustomed to the

⁴⁸ See for example the widely-circulated publicity document prepared by the Division on Commercial Policy entitled, "Fifty Facts on the Proposed British Loan", June 1945 in NA RG43, Lot 57D-284, Box 3. The document's verbatim repetition of the British position on war debt payments after 1931, and so vehemently denied by the USA throughout the 1930s, is particularly striking: Britain defaulted because "in 1931 the Hoover moratorium suspended debts we raised our already high tariffs in 1930" and "when Britain borrowed money it was loaned on to her allies...When Germany stopped paying reparations, the Allies stopped paying war debts and the whole World War 1 debt structure collapse like a pack of cards."

⁴⁹ NA RG 43, Lot 57D-284, box 3, comments on memorandum by A. Bloomfield, June 1945.

⁵⁰ *Shaping the Lessons of History: Britain and the Rhetoric of American Trade Policy, 1930–1960*, in: *Freedom and Trade*, vol. 1, *History and Policy*, A. Marrison (ed.), (London 1998) 287–307.

⁵¹ Memorandum of conversation between Sweetser and Hull sent to Archibald MacLeish, 21 May 1942, Private Papers of Arthur Sweetser, Library of Congress, Washington DC (hereafter LC Sweetser), LC Sweetser: 32.

⁵² FDR continued to argue that the escalation in world armaments and the severity of the global depression were linked. As he explained, "Between 1929 and 1932 almost all the nations went bankrupt – and their bankruptcy just about equalled their arms expenditure. That's an extraordinary fact – figure it out sometime.", LC Sweetser:38, Sweetser's notes of conversation with FDR, 29 May 1942.

gradual removal of trade barriers through his [Hull's] tariff policy"⁵³. The State Department's "information program" launched in October 1945 to educate the American public, and therefore Congress too, as to the benefits of America's new commitment to multilateral tariff reductions made mention of the harm caused by American "irresponsibility" at the World Economic Conference. However, the central theme of the numerous speeches delivered, in particular, by Assistant Secretary of State William Clayton, was the importance of a strong Anglo-American partnership to support the American commitment to "Good Neighbourliness". Historical narratives continued to form the basis of the "educational" drive. "No other country", Clayton told the American public in October 1945, "has been as important to our international trade, or indeed, the international trade of the world as Great Britain"⁵⁴.

John Lewis Gaddis, echoed recently by John Young, has described the evolution of American foreign policy in the Second World War thus: "like the British from whom they *inherited* the tendency, Americans had traditionally associated their security with balancing the power of the world"⁵⁵. But the transfer of a sense of global responsibility was not genetic. My contention is that as the United States sought to define the *Pax Americana* to govern international relations in the post-war period, it was not a question of "inheriting tendencies". American publicity campaigns reveal the conscious (and unconscious) adoption of the rhetoric and perceived history of British power in the nineteenth century. The history of the failure of the World Economic Conference was an important part of this process. The evolution of American foreign policy in the Second World War reflected Roosevelt's conviction that Woodrow Wilson had been right: economic stability and national security could be achieved only on a world-wide scale and America had to take the lead now that European leadership had failed⁵⁶.

But it would be wrong to suggest that all America's lessons of history were self-taught. It is striking how far the public presentation of the "ineffectiveness" and "irresponsibility" of American foreign economic foreign policy of the interwar

⁵³ LC Sweetser: 32, memorandum of conversation between Sweetser and Hull sent to Archibald MacLeish, 21 May 1942. The RTA has been criticised for its focus on eliminating discrimination in international trade than on liberalising domestic tariffs. See inter alia: R. E. Baldwin, A. O. Krueger, *The Structure and Evolution of Recent US Trade Policy* (Chicago 1984); J. A. Conybeare, *Trade Wars. The Theory and Practice of International Commercial Rivalry* (New York 1987), ch.3; I. Drummond, N. Hillmer, *Negotiating Freer Trade: the United Kingdom, Canada and the Free Trade Agreements of 1938* (Waterloo 1989). At the same time, it remained the only sustained initiative to reduce protectionism in the 1930s and formed the basis for GATT, See: D. Irwin, *The GATT's Contribution to economic recovery in post-war Western Europe*, in: B. Eichengreen (ed.), *Europe's Postwar Recovery* 127–150.

⁵⁴ Memorandum on the information program of the United States, 4 Oct. 1945, RG43, box 3, Lot Files on International Trade, National Archives, Washington D.C.

⁵⁵ My italics. J. L. Gaddis, *The End of the Cold War: Implications, Reconsiderations, Provocations* (New York 1992) 9; J. Young, *Britain and the World in the Twentieth Century* (London 1997).

⁵⁶ W. F. Kimball, *The Juggler: Franklin Roosevelt as Wartime Statesman* (Princeton 1991) 186–87.

period echoed earlier stinging British criticism of American policy. After 1919 historical example informed and illustrated British criticism of American "selfish", "nationalistic" economic policies, despite the fact that in 1931 the British government, too, abandoned the internationalism which had characterised its overseas economic policy since the abolition of the Corn Laws. Throughout the interwar period the British government, in policy documents, diplomatic meetings and the British press, compared the development of American policy after 1930 to the historically "responsible" British economic policies in the nineteenth century: the Smoot-Hawley tariff of 1930, the cessation of American lending to Europe, the insistence on war debt repayment and the flotation of the dollar in 1933 were unfavourably contrasted with the promotion of free trade and the Bank of England's guardianship of the international gold standard.

Indeed, during the Second World War, the *Pax Britannica* critique of American foreign policy in the interwar years took on a more self-conscious and concerted character as the British Foreign Office employed historians, and consequently a host of historical motifs, first in their efforts to entice American into the war on Britain's side, and then as planning for the post-war world began, to shape American internationalism on an Anglo-American axis, a partnership based on common, historically-defined goals of security and stability for the "new" international system. The task of these historians was not to educate the American public as to the "facts" of history, but to use historical example to add validity and appeal to their propaganda message. Although Britain's strategies for disseminating information in the United States grew more sophisticated and extensive as the war went on, the story remained much the same. At the heart of Britain's propaganda message lay what the Foreign Office called the "doctrine of responsibility", in other words that the United States recognise and act on its "responsibilities to the world", with the aspiration that, in so doing, the United States would adopt policies favourable to Britain. The history of the World Economic Conference continued to be useful, but as a lesson of how not to approach the issue of international economic co-operation⁵⁷.

Emphasising that America should learn the lessons of history and recognise its responsibilities to the wider world was not without risks for the British government. Whenever possible, the Ministry of Information and its "agents of influence" sought to leave economics out of the picture, in part, because the recent

⁵⁷ In particular, the Ministry of Information (staffed by past or future historians like Denis Brogan, John Wheeler-Bennett and Harold Nicolson) sought to educate the American elite as to the international "responsibilities" of the United States in the international order to be created after the war's end. Refugee scholars, like the German Moritz Julius Bonn, were also used by the MOI in order to circumvent US suspicion of British propaganda. For a summary of American strategies to shape domestic public opinion see: *D. Frezza, Psychological Warfare and the Building of National Morale during World War II*, in: *D. K. Adams, C. A. Van Minnen* (eds.), *Aspects of War in American History* (Keele 1997) 173–196. For the continuation of Britain's information programme after war's end see: *C. Anstey, Foreign Office Efforts to Influence American Opinion, 1944–1949* (Ph.D diss, London School of Economics 1984).

history of Anglo-American economic relations was a troubled one and only served to underline the diminishing base of British power. But Britain's commitment to the sterling area (which had grown only stronger in the war) and its opposition to American calls to set up an International Trade Organisation (ITO) were confused by its calls for American "responsibility" in the world economy. For all that British officials now chose to omit any reference to the role of free trade in the history of *Pax Britannica*, their American audience filled in the gap, in large part thanks to British criticisms of American foreign policy in the interwar period which had devoted a great deal of attention to the tension between America's status as creditor and its protectionism. (For Britain the lesson was to be careful what you wish for.)

History, as it unfolded after 1945, also made it clear that the rhetoric of a Pax Americana aside, there were limitations to US administrations' will and ability to "force the world to be free" and the benefits to be had from it⁵⁸. In particular, the rhetoric of America's commitment to multilateral tariff cutting differed from the reality that saw the protectionist impulse of Congress destroy the ITO at birth and limit the effectiveness of GATT until the 1960s. The executive's failure to secure Congressional and public support for their lessons of history illustrated the limitations of analogical thinking. However, the narrative of a Pax Americana modelled on the interwar account of the Pax Britannica did not disappear with the end of the war. The historical motif had an important impact on the historiography of American economic foreign policy after 1945, particularly histories of American economic foreign policy written by former members of the State Department like William Adams Brown and Raymond Mikesell⁵⁹. It is here that my paper comes full circle for the histories of Brown, Mikesell, alongside those of William L. Langer, S. Everett Gleason and Herbert Feis are the most critical accounts of United States economic foreign policy in the inter-war period. Writing in the 1950s and early 1960s, these former members of the State Department charted the development of American economic foreign policy as a linear history maturing progressively from the "blinkered, irresponsible and selfish" actions, exemplified by the Smoot-Hawley tariff and the World Economic Conference to its conversion into the new champion of the international economy during the Second World War. It was only later in the "Crucial Decade", that historians and political scientists began to question this historical model to ask how far America, or Britain for that matter, ever enjoyed truly hegemonic power.

⁵⁸ K. W. Stiles, *The Ambivalent Hegemon: Explaining the "Lost Decade" in Multilateral Talks*, in: *Review of the International Political Economy* 2 (1995) 19.

⁵⁹ W. A. Brown, *The United States and the Restoration of World Trade* (New York 1950); R. Mikesell, *United States Economic Policy and International Relations* (New York 1952).

Concluding Remarks

As the first part of this paper has sought to demonstrate, American foreign economic policy can only be held partly responsible for the ignominious collapse of the World Economic Conference in 1933. This was widely recognised at the time, but it served the varied national interests of Britain, France and Germany to denounce Roosevelt's actions more vehemently than the economic nationalism of their neighbours. (The language of the "bombshell message" certainly made their task easier!) By the outbreak of the Second World War, however, the United States had developed a much more critical perspective on the history of international economic cooperation in 1933. The historical narrative of the "bombshell message", in particular, formed a central plank of US administration efforts to educate the American public as to its new responsibilities in the international system and the dangers to world peace and prosperity if it failed to meet the responsibilities the progress of history had conferred on the United States. The "bombshell message" took on a new lease of life as a tool with which to educate the American public. The narrative of American irresponsibility in the 1930s, forged by the State Department and the Office of War Information, was influenced by a large variety of sources, not all of them American. These historical accounts, which placed almost sole responsibility for the failure of the World Economic Conference on the shoulders of the United States, helped to create something of a mismatch between the rhetoric and the reality of policy. The narrative of American "irresponsibility" also went on to shape the historiography of American interwar foreign relations in the period after 1945 summarised in the introduction of this paper.