

Editors: Catherine Brégianni – Roser Cussó



**Politiques économiques des institutions
internationales**

**Economic Policies of International
Institutions**

Paris 2019

*du début du XXe siècle
au stade actuel de la
globalisation
from the beginning of
the 20th century to the
current globalisation
process*

Laboratoire de Démographie et d'Histoire Sociale-CRH, EHESS. Paris

Projet Politiques et statistiques économiques des institutions internationales durant l'entre-deux-guerres, <http://ladehis.ehess.fr/index.php?564>

Editrices : Catherine Brégianni – Roser Cussó

Assistance à l'édition : Aykiz Dogan

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Maquette de la page de couverture : billet de banque, Banque Nationale de Grèce, 1917.

Détail : La Paix et la Richesse. Source : <http://www.greekbanknotes.com>

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Project Economic Policies and Statistics of International Institutions during the inter-war period, <http://ladehis.ehess.fr/index.php?564>

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Cover page: banknote, National Bank of Greece, 1917.

Detail: Peace and Wealth. Source : <http://www.greekbanknotes.com>

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INTRODUCTION

CATHERINE BREGIANNI and ROSER CUSSÓ

Context and objectives

This publication is based on the workshop “Economic Policies of International Institutions in Diachronic Perspective (from the end of the First World War to the current stage of globalization)” which was held on May 31st – June 1st at EHESS, Paris, organized by Catherine Brégianni (Academy of Athens) and Roser Cussó (IEDES/University Paris 1 - Panthéon-Sorbonne). It was funded by the Maison des Sciences de l’Homme (MSH) and the Centre d’études historiques (CRH, EHESS), and supported by the UMR D&S/University Paris 1. The event was part of the project “Politiques et statistiques économiques des institutions internationales durant l’entre-deux-guerres” hosted by the Laboratoire de démographie et histoire sociale (LaDéHis)¹. Based on contributions to the workshop, this collective volume is coordinated and edited by C. Brégianni and R. Cussó with the editorial assistance of Aykiz Dogan (UMR D&S/University Paris 1).

The purpose of this publication, like that of the workshop, is both to present several existing research axes on the economic role of international organizations, and to further discuss various models of international institutional intervention and influence, through the analysis of economic doctrines, statistics, experts and personal networks. The accent is on original problematics as well as the fruitful use of generally less implemented methods in historiography. For instance, the analysis of the impact of banking networks in Greece, or of the role of international statistics in global economic interdependence, or that of international experts on state-building in Turkey.

The volume has three sections. Section I aims at a deeper knowledge of the role of the League of Nations (LoN) in economic regulation, in a transnational perspective. This having been already analyzed², the technical know-how engendered by the LoN is emphasized here, as the

¹ <http://ladehis.ehess.fr/index.php?564>

² For example: P. Clavin, *Securing the World Economy: the reinvention of the League of Nations, 1920-1946*, Oxford, Oxford University Press.

Y. Decorzant, « La Société des Nations et l'apparition d'un nouveau réseau d'expertise économique et financière (1914-1923) », *Critique internationale*, 3.52 (2011), pp. 35-50.

D. Laqua (ed.), *Internationalism Reconfigured. Translational Ideas and Movement between the World Wars*, Tauris, London, 2011.

M. Flandreau (ed.), *Money Doctors. The Experience of International Financial Advising, 1850-2000*, London/New York, Routledge, 2006.

League is perceived as an actor in the historical conjuncture, with a particular accent put on how knowledge was diffused via the institution to the periphery. C. Brégianni, R. Cussó and A Dogan provide the three articles in this section.

Section II deals with research on a more recent period. The reorganization of the global monetary system by the Bretton Woods agreements and the creation of new economic institutions at the end of the Second World War³, is thus analyzed through two original case studies by Sotiris Rizas (Research Director, Academy of Athens) and Simone Selva (Assistant Professor, L'Orientale University of Naples).

Finally, Section III aims at clarifying the role of economic institutions in globalization trends, with focus on their regional and local dimension. The contrasting but complementary parameter of the internationalized activity of local institutions is incorporated to the volume's problematic with two contributions by Antonis A. Antoniou (PhD in Economic History, University Paris 1) and Michalis Sarras (PhD in Economic History, University of Ioannina).

As regards the position of this publication in the historiographical debate, the subjects treated are at the crossroads of both international and transnational analysis in economic history through the study of institutions, actors and quantified economic categorization. In the current historical context of crisis, indebtedness and financial constraints, the policies of international economic institutions of the mid twentieth century can shed light on the foundations and limits of liberalism within the current market economy framework. Similarly, since international models of intervention and regulation relied then, as now, on state policy and transnational reciprocity, it remains useful, at present, to consider monetary integration tools using a historical analysis. Finally, this volume contributes, along with a number of other works, to commemorating the centenary of the first international organization, the LoN, which laid the basis for new tools of global economic liberalism, and which initiated consolidation of development policy after WWII.

In general terms, the monetary factor is a stable indicator of economic integration processes, and therefore it accentuates the structural economic interdependence produced by international institutions. As regards money conceptualization, it is important to recall that for Marx and also for Adam Smith, global money is the precondition of globalization. Thus, in the perspective of

S. Schirmann, *Crise, coopération économique et financière entre États européens, 1929-1933*, Comité pour l'Histoire Economique et financière, Paris, 2000.

³ See for instance, E. Helleiner, *Forgotten Foundations of Bretton Woods: international development and the making of the postwar order*, Ithaca, N.Y.; London: Cornell University Press, 2014.

a historical valorization of the role of international institutions, it is important to specify the concrete paradigms such institutions use to monitor monetary regulation.

The inflationary crisis that followed WWI triggered the consolidation of a monetary stability order both in Europe and internationally; the negative context was confronted via the International Monetary Conference which took place in the 1920s and early 1930s. Their main aims were reducing inflationary pressures and promoting monetary integration via a Gold Exchange Standard, represented mainly by the pound sterling and the USA dollar. The transnational consolidation of monetary norms was a necessary element in the global liberalisation of the market during this period, whereas economic liberalism in the XIXth century had contributed to the consolidation of the nation-state. The interwar monetary conferences and the LoN, mainly through its Financial Commission, sustained the gradual consolidation and use of the Gold Exchange Standard. The latter constituted a transnational means of settlement, and consequently transformed London into an international financial centre⁴, somewhat sharpening the competition among developed Western countries. When the sterling crisis in 1931 caused a widespread market imbalance, the regulatory role of international institutions in the context of the interwar crisis was reinforced, i.e. significant attempts to restore the gold monetary standard in the middle of the 1930s were afoot.

The gradual transition of state-based economies to an environment of economic nationalism, as an anti-crisis policy, is large reflected in international forums.⁵ The regulatory role of the LoN regarding the financial and monetary environment in Europe after WWI has been studied in the scientific literature, but less has been done as regards the analysis of the different models of growth developed by the decision-making bodies. This diversity implied the existence of different perspectives for organizing the capital flows around international financial centres, but also the absence of a strict dichotomy in the implemented financial policies, the latter being contingent also on actors of this conjuncture.

Specifying the economic role of international institutions: b) an appraisal of the statistical factor

International statistical data are a source of information on the different domains they describe, past and present –economics, education, health... Yet, global statistics can also be seen as both

⁴ Cf. Y. Cassis, *Crises and Opportunities*, OUP, Oxford/New York, 2011.

⁵ Cf. C. Brégianni, “Transnational political strategies and dominant ideologies in the period of economic nationalism. A contradiction of the European Interwar?”, *Neoellinica Historica*, Academy of Athens, 2 (2010), pp. 37-58, in Greek.

scientific and political phenomena. Produced by a new political power emerging after WWI, i.e. international organizations, statistics materialize new objectives and new ways of considering global problems and solutions. The history and sociology of quantification takes into account this comprehensive perception of data production.⁶ The implementation of this quantification approach in the international sphere can help to understand the processes of economic globalization and transnationalization, especially their acceleration in the XXth century.⁷

The League of Nations laid down the foundations for international quantification, particularly in the economic and financial domains. Indeed, the Economic and Financial Organization (EFO) developed a serious program of standardization of trade statistics, among others. This program “corresponded” to its policy of reducing trade protectionism and spurring liberalism. While the EFO statistics started to describe a “World Economy” (thus strengthening their *raison d’être*), this data also implied an unprecedented technical exchange between countries. The EFO statistical program could thus impel statistical reforms in the participating Member States. In fine, this technical cooperation contributed both to the growing interdependence in the international economy and to translate economic paradigms into realistic and adapted national and local implementations.

International statistical cooperation was a resilient instrument. In the context of the crisis of the 1930s and of increasing economic protectionism, it should be noted that Germany still sent its economic statistics to the EFO, this data being issued by the League in internationally comparative publications. Globalization seemed to settle down for good as a dominating trend through technical integration. This global activity was resumed and developed after WWII. Integration and technical cooperation reached their peak in the 1970s. From this period, international technical cooperation has started to fragment into large regions conducting specific technical exchanges as in the case of the OECD.⁸

The quantification approach makes it possible to tackle the question of current polarization not only by taking into account the theoretical part of the policy (doctrine or paradigm) but by analyzing as well the concrete transformation of the deployed technical exchanges and outputs. While monetary issues are both economic and political, levers of international integration (or

⁶ A. Derosières, *L'argument statistique. I Pour une sociologie historique de la quantification*, Paris, Mines ParisTech-Les Presses, 2008.

⁷ R. Cussó, *Comparer pour mieux régner. Histoire et sociologie de la quantification internationale*, HDR, Paris, IEP, 2012.

⁸ R. Cussó, and S. D’Amico, “From development comparatism to globalization comparativism: towards more normative international education statistics”, *Comparative Education*, 41.2 (2005), pp. 199-216.

polarization), technical cooperation developed by international organizations since 1919 acts as both a social- and knowledge-based instrument, which spurs interdependence through statistical change and comparison.

**The League of Nations as generator of techno-economic
innovation during interwar**

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ECHANGE DE POPULATIONS, ORGANISATION D'ESPACE ET SAVOIR-FAIRE
DES INSTITUTIONS INTERNATIONALES :

LE RESEAU DE LA BANQUE AGRICOLE DE GRECE ET L'OFFICE AUTONOME
POUR L'ETABLISSEMENT DES REFUGIES A LA GRECE DU NORD
PENDANT LES ANNEES VINGT ET TRENTE*

Introduction

Il est généralement accepté que la guerre n'a pas seulement comme résultat l'expansion territoriale ou au contraire la restriction géographique pour les vaincus, mais il crée aussi de nouvelles conditions en ce qui concerne le mouvement de population et les structures économiques ; c'est justement le cas de l'échange forcée des populations entre l'ex Empire Ottoman et la Grèce après la défaite grec au front d'Asie Mineur. En 1923, l'Acte de Lausanne, selon le critère religieux mais aussi en appliquant le principe de la clarté ethnique des états-nations, a forcé les citoyens orthodoxes de l'ex Empire Ottoman de quitter le territoire turc – à l'exception des chrétiens d'Istanbul – et la population musulmane de la Grèce de s'est installée en Turquie –hors les musulmans de la Thrace de l'ouest.

En Grèce ce bouleversement démographique a été traité via l'établissement planifié des réfugiés dans les villes grecs et aussi à l'espace rural. Il est important de noter que dans cette crise démographique d'entre-deux-guerres les institutions internationales, et surtout la Société des Nations, ont joué un rôle primordial, intervenant directement en Grèce, indirectement en Turquie. En effet, tant l'intervention des institutions internationales que le mouvement des populations soi-même ont créé de nouvelles structures économiques et ils ont généré des

* Certaines parties de ce texte ont été présentées au Workshop 06 *Migration of Peoples and Capital in the Mediterranean during the 20th Century. Entrepreneurial Interaction. Historical Perspectives* organisé par le Mediterranean University Institute [Florence, mars 2005], à la Session K9 XIV International Economic History Conference, International Economic History Association [Utrecht, août 2009], au XXIV Seminar of Economic and Social History "Becoming richer or poorer through debt. Private credit and social change in the countryside", University of Girona, EHESS/CDRI, CRICEC [Gérone, 27-29 septembre 2012] et à la Conférence, *War and Displacement in the Ottoman Empire, 1890s-1923*, University of Lausanne, 26 octobre 2018. Je remercie Mme M. Dritsas, Prof. Bettina Severin-Barboutie et M. G. Béaur, Directeur d'Etudes, CRH-EHESS pour l'incorporation de la question du crédit agricole grec au séminaire de Gérone. M. G. Postel Vinay, Directeur d'Etudes, INRA, pour ses remarques pour améliorer la méthodologie face à la réforme agraire et sa connexion avec le crédit agricole. Tout problème d'expression et de méthode relève de mon entière responsabilité.

réseaux socio-économiques articulés autour de la population établie. C'est justement le paradigme qu'on va examiner dans cette étude, c'est-à-dire la formation des réseaux économiques aux départements de la Macédoine hellénique et de la Thrace d'Ouest où principalement ont été installés les réfugiés chrétiens, en ce qui concerne la population établie à la campagne.

Dans le cadre de cette contextualisation, il est à noter que l'échange forcé des populations après l'Acte de Lausanne a renversé la composition ethnique de Macédoine Hellénique (cf. Annexe, Tableau 1 et 2): cette dernière a été annexée à la Grèce après les Guerres Balkaniques (1912-1914), mais la composition de sa population a été très complexe. Les réfugiés établis en Grèce du Nord ont stabilisé son caractère purement national, un des axes de l'homogénéisation de l'Etat nation étant la politique agraire et la prolifération des institutions économiques. Comme on l'a insinué plus haut, la purification ethnique des territoires antérieurement appartenant à l'ex Empire Ottoman était aussi un principe de la SDN, juste après la Première Guerre Mondiale.

I. Méthodologie : Quelques aspects historiographiques concernant les réseaux personnels et techniques grecs

Le réseau comme outil d'analyse, dans le cadre d'une approche historiographique systémique¹, a été introduit dans les études historiques grecques il y a environ trois décennies. L'accent a été surtout mis sur la création de réseaux personnels et sur leur fonctionnement au regard de la création des mécanismes du marché. De nombreux travaux se sont penchés sur la question de la constitution des réseaux de la diaspora grecque au cours des XVIII^e et XIX^e siècles. Les membres de la diaspora, dispersés surtout autour de la Méditerranée et de la Mer Noire, se livraient principalement à des activités commerciales. Ainsi, il s'agissait d'un réseau uniforme dont on peut distinguer les points nodaux, les ramifications principales, les sous-réseaux et leurs antagonistes nationaux dans le cadre de l'évolution du marché.² L'activité de ces réseaux a été analysée sous l'angle de leur influence locale, mais aussi sous celui de leur incorporation aux

¹ L'outil des réseaux occupe une place considérable au sein des travaux historiques, emprunté au domaine de la sociologie et de l'anthropologie. Pour les positions méthodologiques qui caractérisent en général l'analyse des réseaux cf. M. Gribaudi, « Avant-propos », éd. idem, *Espaces, temporalités, stratifications*, Paris, Éditions de l'EHESS, 1998, pp. 8-29.

² Parmi d'autres paramètres, l'homogénéité sociale a été déjà évoquée comme facteur assurant le fonctionnement du cadre institutionnel au milieu rural. Cf. aussi, I. Henriksen, M. Hviid, P. Sharp, "Law and peace: contracts and the success of the Danish Dairy Cooperatives", *The Journal of Economic History*, 72.1 (2012), pp. 197-224.

structures commerciales et entrepreneuriales intereuropéennes.³ Enfin, la floraison de cette production scientifique a donné naissance à des approches historiographiques nouvelles du phénomène de la Diaspora Grecque.⁴

La création de l'État grec en 1828 et la structuration interne du pouvoir ont été abordées sous l'angle des réseaux politiques, ce qui a permis la réinterprétation du schéma concernant l'autorité exercée par le centre sur la périphérie rurale.⁵ La voie méthodologique des réseaux politiques a également fait appel aux réseaux sociaux. Des analyses historiques⁶ et sociologiques, ont mis en perspective la formation des pouvoirs sociaux à partir de réseaux personnels dans le but de décrire les différentes réalités vécues par les individus. L'expansion des mécanismes du marché en Grèce au cours du XIX^e et du XX^e siècles a été analysée sous l'optique des réseaux entrepreneuriaux, correspondant à une vision globale de l'activité économique. Ainsi, l'espace économique a été parfois perçu au moyen de l'agencement de ces réseaux, ce dernier étant la résultante de la logique du marché ou, au contraire, sa présupposition.⁷ Il est évident que les réseaux nationaux dont la formation suit l'évolution du marché intérieur, s'articulent aux réseaux internationaux, tandis que les institutions économiques formelles jouent souvent un rôle d'intermédiaire entre les réseaux « locaux » et l'espace international.⁸

³ O. Katsiardi-Herring, « La Diaspora grecque. Géographie et typologie », éd. S. Asdrachas, *Histoire Economique Grecque, IV-XVIIIe siècle*, Athènes, Fondation Culturelle de la Banque du Pirée, 2003, pp. 237-247, en grec. Sous cette perspective, cf. aussi, I. Baghdiantz McCabe, G. Harlaftis, I. Pepelasis Minoglou (eds.), *Diaspora Entrepreneurial Networks: Four Centuries of History*, Berg Publishers, 2005.

⁴ Cf. à titre indicatif : C. Chatziiosif, « Communautés commerciales et Grèce indépendante : interprétations et problèmes », *Politis*, 62 (1983), pp. 28-34 (en grec).

C. Exerzoglou, « Historiographie grecque et le capital de la Diaspora : problèmes de méthode et d'interprétation », *Synchrona Thémata*, 35/36/37 (1988), pp. 152-160, en grec. A. Mandilara, « Diaspora Grec et Diaspora historiographique. Itinéraires, impasses, réinterprétations », *Mnimon*, 22 (2000), pp. 152-160, en grec.

M. C. Chatziantoniou, "Creating the pre-Industrial Ottoman-Greek Merchant: Sources, Methods and Interpretations", in *Economy and society on both shores of the Aegean*, eds. L. Baruh-Tanatar, V. Kechriotis, Athens, Alpha Bank Historical Archives, 2010, pp. 311-335.

⁵ Sous cette perspective, on se réfère, à titre d'exemple, aux études relatives de George Dertilis : G. Dertilis, « Terre, paysans et pouvoir économique (Grèce, XVIII-XXe siècle) », *Annales ESC*, 47.2 (1992), pp. 273-291.

Idem, « Terre, paysans et pouvoir politique (Grèce, XVIII-XXe siècle) », *Annales ESC*, 48.1 (1993), pp. 85-107.

⁶ On se réfère à ce point au paradigme de la structuration du pouvoir colonial aux îles ioniennes (la domination britannique a duré de 1814 à 1864) qui se déploie via la formation d'un réseau politique, celui de la haute administration. Cf. C. Brégianni, *Espace urbain, territoire social et réseaux personnels dans les îles ioniennes au XIXe siècle*, monographie en préparation, Centre de Recherche sur l'Histoire Moderne et Contemporaine de l'Hellénisme, Académie d'Athènes, en grec. Pour une optique différente qui pourtant renvoie aussi à la structuration interne du pouvoir, cf. A. Gekkas, *The Commercial Bourgeoisie of the Ionian Islands under British Rule 1830-1864*, PhD diss., University of Essex, 2004.

⁷ M. Dritsas, « Networks of bankers and industrialists in Greece in interwar period », eds. A. Theichova, T. R. Gourvish, A. Pogany, *Universal Banking in Twentieth Century Europe*, London, E. Elgar, 1994, pp. 229-245.

M. Dritsas, P. Eigner, J. Ottosson, "Big business' networks in three interwar economies : Austria, Greece and Sweden", *Financial History Review*, 3 (1996), pp. 175-195.

⁸ Tel fut les cas des créanciers de la dette publique grecque vers le dernier quart du XIX^e siècle, en esquissant les conditions de la première ère de mondialisation : le réseau intérieur des créanciers jouait un rôle d'intermédiaire

Vu que le réseau est d'abord un agencement géographique, il organise l'espace du côté technique. Ainsi, une caractéristique concrète du réseau est d'« ordonner » l'espace à travers des noyaux dissemblables mais en même temps connectés entre eux. Sous cette perspective, l'expansion d'une économie quelconque peut se décrire par la dilatation de ses réseaux techniques, soit au niveau local soit au niveau national. Il n'est pas inutile de s'arrêter sur ce point (c'est-à-dire avant de procéder à l'interprétation plus concrète des réseaux techniques) pour parcourir l'aspect historiographique du sujet, pour ce qui relève des études grecques. Malgré le fait que l'interaction entre l'expansion économique et les réseaux techniques –comme présupposition du développement technologique– a été déjà abordée, cet axe thématique est moins exploré que la recherche sur les réseaux personnels. L'accent a été principalement mis sur les réseaux de transport et leur expansion, visant à unifier le marché national.⁹ De ce côté, il est à mentionner que la prolifération des réseaux techniques au XIX^e et XX^e siècles a été historiquement analysée, notamment sous l'angle, d'une part de l'importation du savoir-faire technologique et de l'autre de la diffusion des technologies nouvelles par les ingénieurs (français mais aussi italiens ou anglais) qui viennent travailler en Grèce.¹⁰ Cette interprétation rend compte de la création des infrastructures grecques par des investissements privés étrangers –notamment français durant le XIX^e siècle– et la dépendance de la diffusion du progrès technologique par le savoir-faire importé.

L'incontestable relation entre l'évolution économique du pays et l'expansion de ses infrastructures¹¹ a suscité un nombre considérable des publications portant sur diverses formes des applications technologiques. Les chercheurs disposent donc aujourd'hui – à part les documents d'archives, les sources parlementaires et les descriptions pertinentes qu'on trouve dans la littérature de l'époque – d'une bibliographie intéressante par exemple sur le réseau

entre l'Etat grec et le réseau parallèle international, alors que la Banque Nationale était un point d'équilibre pour le fonctionnement du système. G. Dertilis, « Dette publique et dépenses militaires : la Grèce et la question d'Orient », eds. J. Andreatou, G. Béaur, J.-Y. Grenier, *La dette publique dans l'histoire*, Paris, Comité pour l'Histoire Economique et Financière de la France, 2006, p. 420.

⁹ M. Sinarellis, *Routes et ports en Grèce, 1830-1880*, Athènes, Fondation Culturelle d'ETVA, 1989, en grec.

¹⁰ Cf. entre autres, G. Antoniou, *Ingénieurs grecs : Institutions et idées, 1900-1940*, PhD diss., École Polytechnique d'Athènes, 2004, en grec.

E. Kremyda, « Ingénieurs grecs vers la fin du XIX^e siècle : Intermédiaires et réseaux de diffusion des nouvelles technologies à l'époque de l'industrialisation », *Mnimon*, 25 (2003), pp. 35-52, en grec.

¹¹ Cette perspective a été parmi les hypothèses centrales du dossier spécial « Le réseau ferroviaire et routière en Grèce, XIX-XX^e siècles », introduction par C. Brégianni, *Neohellenica Historica*, Académie d'Athènes, vol. 3, à paraître en grec (2013).

hydraulique d'Athènes¹², ou sur les infrastructures pour les transports maritime¹³ et routiers¹⁴. La question de la modernisation dans la Grèce du XIX^e siècle a été souvent liée, par les élites politiques, au développement ferroviaire, ce dernier étant perçu non seulement comme condition *sine qua non* de l'industrialisation du pays, mais surtout comme moyen indispensable pour l'unification économique et politique du territoire nationale.¹⁵ Ainsi, un nombre important d'études produites au cours des premières décennies du XX^e siècle se réfère aux conditions économiques et techniques qui régissent la construction des principales lignes ferroviaires.¹⁶ En effet, le développement du réseau ferroviaire grec constitue l'axe thématique le plus exploré dans le domaine de l'histoire des réseaux techniques grecs¹⁷, et celui qui attire toujours l'intérêt des historiens, ingénieurs, architectes et géographes.

II. Espace et réseaux techniques

Cette brève présentation de certains axes thématiques de l'historiographie grecque qui ont un rapport à l'analyse des réseaux (personnels ou techniques au sens large du terme) reflète un usage plus ou moins systématique de l'outil méthodologique que le concept du réseau représente. Cependant, en ce qui concerne les réseaux personnels, ce n'est pas la systématisation du réseau qui compte le plus, mais l'information que le réseau diffuse, mettant ainsi l'accent sur sa structuration hiérarchisée interne. Ce même outil peut être employé dans l'analyse de plusieurs couches de la conjoncture historique et de cette manière servir à élucider les interactions entre les réalités économiques, « technologiques » et sociales. Tout d'abord, le réseau est un agencement de l'espace géographique, c'est-à-dire son contenu élémentaire est son aspect technique : la façon dont une société organise son environnement reflète son

¹² Cf. par exemple, I. A. Isigonis, « Sur le puisement de l'eau d'Athènes », *Archimidis*, 10/11 (1899), pp. 180-185. P. Kalligas, *Puissement de l'eau et travaux d'assainissement à Athènes*, Athènes, 1917, en grec.

¹³ D. Pipas, « Les travaux de ports en Grèce », *Technika Chronika*, 185 (1939), pp. 361-376, en grec.

¹⁴ Pour une exploitation récente de ce type de sources, cf. L. Sapounaki-Drakaki (éd.), *La ville grecque en perspective historique*, Athènes, Dionikos, 2005, en grec.

¹⁵ Cf. en ce sujet C. Brégianni, « Réseaux techniques et modernisation. Le cas des chemins de fer thessaliens, vers la fin du XIX^e siècle », *Cahiers de la Méditerranée*, 78 (2009), pp. 291-306, où la bibliographie précédente.

¹⁶ G. P. Vougioukas, « Les chemins de fers grecs, depuis ses origines jusqu'aujourd'hui », *Technika Chronika*, 75 (1935), pp. 116-117, en grec.

G. P. Vougioukas, « Les chemins de fer », *Grande Encyclopédie Grecque*, vol. I, Athènes, Pyrsos, 1934, pp. 170-176, en grec.

¹⁷ L. Papagiannakis, *Les chemins de fers grecs, 1882-1910. Dimensions géopolitiques, économiques, sociales*, Athènes, MIET, 1982, en grec.

B. Gounaris, *Steam over Macedonia, 1870-1912. Socioeconomic change and the railway factor*, New York, 1993, en grec.

M. Sinarellis, « Réseaux traditionnels de communication et modernité », eds. T. Kalafatis, V. Prontzas, *Histoire économique de l'Etat grec*, Athènes, Fondation culturelle de la Banque de Pirée, 2011, t. 1, pp. 467-500, en grec.

idéologie dominante, les composants de la collectivité sociale, le choix des symboles qui créent une langue lisible par tous ses membres. Dès lors, l'aspect territorial est perçu comme un instrument d'analyse : sous cette perspective les études régionales analysent les économies et sociétés locales en tant que systèmes ouverts influencés par des éléments variés et souvent contradictoires.¹⁸ Ainsi, dans une perspective historique des études territoriales – connectée à la question prédominante de l'expansion du marché – plusieurs facteurs devraient être pris en compte tels que les formes préexistantes de l'organisation du travail, l'influence des mentalités sociales, le cadre institutionnel comme garant de stabilité, et la conjoncture historique.

Deuxièmement, sous cette perspective, l'analyse historique des réseaux techniques englobe en même temps la perception sociale de l'espace, mais aussi son expérience individuelle, c'est-à-dire la façon dont les individus appréhendent les unités géographiques.¹⁹ D'ailleurs, les réseaux techniques englobent la notion de la localité puisqu'ils définissent les limites urbaines et créent ainsi (via leur concentration urbaine) une borne entre la ville et l'espace rural. La construction des réseaux techniques matérialise le concept d'une unité spatiale susceptible à se dilater infiniment, vu que les infrastructures techniques peuvent se reproduire à n'importe quel territoire.

Dans cet ordre d'idées, on peut analyser les réseaux techniques prenant en considération l'interaction entre leurs centres et leurs sections périphériques. Les réseaux – se mettant au service du développement économique – dominant l'espace urbain, et prolifèrent par la suite à l'échelle globale. Ils transforment, ainsi, radicalement l'expérience individuelle de l'espace et du temps, ce qui, à son tour, a des conséquences économiques et sociales.²⁰ Sous cette perspective, le réseau peut être considéré comme condition indispensable de l'urbanisation. Le rôle des réseaux techniques est alors clair : le progrès technologique, concrétisé par ce type de réseau, n'est qu'une répercussion, une apparence matérielle, de la modernisation politique et économique.²¹

Ainsi, les réseaux économiques qui se rapportent à l'agencement du marché, constituent également des réseaux techniques, puisque ils se réfèrent à la circulation de l'argent en

¹⁸ Cf. aussi M. Aymard, « L'espace : donnée naturelle, construction des acteurs sociaux et/ou modèle d'analyse et d'explication scientifique », Compte-rendu au séminaire Critique d'Économie Historique, EHESS, 11.6.2012.

¹⁹ Pour l'expérience individuelle de l'espace, cf. G. Simmel, *Parcours dans la modernité*, Athènes, Alexandria, 2004, p. 144 (éd. grecque à partir de l'original allemand. Édition française *Philosophie de la modernité*, Paris, Payot).

²⁰ Cf. D. Harvey, *The condition of postmodernity. An enquiry into the origins of cultural change*, Oxford, Blackwell, nouv. éd. 1997.

²¹ D'autre part, la technologie a fait émerger la promesse d'une société améliorée. Cf. M. Riot-Sarcey, T. Bouchet, A. Picon, *Dictionnaire des utopies*, Paris, Larousse, 2002, p. 216.

l'accélération au niveau de l'espace.²² On peut préciser cette analogie par les facteurs qui caractérisent n'importe quel réseau économique : ce dernier organise l'espace géographique, il est toujours caractérisé par une structuration hiérarchisée, il est également construit autour des noyaux centraux et sectionné au niveau des branches périphériques. Plus important encore pour l'exploration de ce parallélisme est le fait que les réseaux économiques constituent un facteur indispensable de l'urbanisation, puisque la ville est organisée autour de l'afflux des capitaux, ses mouvements, son accumulation. De cette façon, un réseau économique fait partie des réseaux techniques, produisant en même temps des réseaux sociaux. Pour les géographes, l'évolution du marché s'est appuyée sur la conquête de nouveaux territoires : la formation de réseaux, qui assurent la circulation des hommes, des marchandises et des capitaux dans le contexte de l'espace et du temps²³, joue un rôle important en ce qui concerne l'expansion du marché et la stabilisation territoriale des institutions financières. Les hypothèses de recherche mentionnées plus haut – et surtout les rapports entre l'évolution des institutions économiques et la stabilisation du marché – seront mises à l'épreuve à travers l'exemple de l'organisation du réseau de la Banque Agricole de Grèce (BAG) dans les années 1930.

III. L'organisation de l'espace et la physionomie des mécanismes bancaires

Parler d'une institution économique c'est parler de sa présence dans l'espace, c'est-à-dire de sa structuration matérielle. Cette image est nécessairement liée aux objectifs particuliers de l'organisme ou de l'entreprise et s'adapte à la stratégie suivie, dans le cadre de son développement. Il peut décrire une expansion dynamique d'une firme quelconque (par le biais d'un réseau étendu) ou, inversement, il peut souligner une extension progressive et centrée du cycle de ses activités (par le biais de la création des canaux périphériques). Or, faire allusion au « dehors » d'une firme répercute toujours un discours économique, au sens large du terme.

Dans l'étude de l'histoire d'un organisme économique, le critère de son expansion géographique est plus significatif encore, sa dilatation dans l'espace limité d'une ville, d'un département ou au contraire sa prolifération à l'ensemble du pays : la construction du réseau des maisons d'une entreprise est liée à l'organisation de l'espace mais évoque également des prétentions économiques. Dans cette perspective, la présence d'une firme qui tend à couvrir le

²² Cf. D. Harvey, *Géographie et capital. Vers un matérialisme historico-géographique*, trad. franç., avant-propos de T. Labica, Paris, 2010, p. 69.

²³ *Ibid*, p. 75.

territoire national désigne une institution participant aux flux des capitaux et cherchant à exploiter toutes leurs sources probables. L'interaction, donc, entre l'environnement économique et le dynamisme d'un organisme quelconque est décrite à travers l'expansion de son réseau, sa croissance, sa multiplication.

Il s'agit de certaines des questions issues d'un travail global sur les mécanismes du crédit agricole et la physionomie de la BAG, fondée en 1929.²⁴ La création de la Banque correspond à l'institutionnalisation et l'expansion du crédit agricole, exercé jusqu'en 1929 par la Banque Nationale, reflétant ainsi le changement rural.²⁵ En effet, la fondation de la BAG fait partie de la modernisation du système grec, qui en 1927 était exigée par la Société des Nations (SDN) dans le cadre de la régularisation des finances publiques des États et de la sécurisation de la stabilité monétaire.²⁶ Ainsi, l'intervention de la SDN a mis fin au caractère polyvalent de la Banque Nationale, qui était une banque commerciale et qui parallèlement jouissait du privilège d'émission: la réforme du système bancaire a conduit à la fondation de la Banque de Grèce (1928)²⁷ et à celle de la Banque Agricole de Grèce, cette dernière financée par les capitaux étatiques et par une partie de l'emprunt international contracté sous l'égide de la SDN à Genève en 1927 [tableau 1].²⁸

²⁴ C. Brégianni, *Les banques, l'agriculture et l'Etat. Stratégies de crédit et politique agraire en Grèce de 1861 à 1940*, préf. S. Asdrachas, Lille, Septentrion, 2002.

En juillet 2012, l'État grec a retiré l'autorisation du fonctionnement de la BAG. L'actif de la Banque, y compris de son réseau, a été transféré à la Banque du Pirée. JO 2209, vol. B, 27-7-2012.

²⁵ En ce qui concerne le changement des institutions perçu comme reflet du changement économique, cf. D. North, *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, 1990, p. 3 et sqq.

²⁶ Cf. inter alia D. Laqua (ed.), *Internationalism reconfigured. Transnational Ideas and Movement between the World Wars*, London, Tauris, 2011, pp. 1-14 & 91-135, P. Calvin, *Securing the World Economy. The Reinvention of the League of Nations, 1920-1946*, Oxford University Press, 2013.

²⁷ La spécialisation du système bancaire grec fut à l'origine de l'insécurité de la Banque Nationale, laquelle a eu l'intention de concentrer les activités les plus étendues possibles. Cf. M. Dritsas, *Industrie et Banques en Grèce dans l'entre-deux-guerres*, Athènes, Fondation Culturelle de la Banque Nationale, 1990, pp. 240-241.

En outre, la Banque de Grèce a été de caractère autonome, selon la résolution de la Conférence des Gênes qui a posé sur cette affirmation la coopération des banques centrales. Cf. B. Blancheton, « Fonctions et structures de la Banque de France durant l'entre-deux-guerres » eds. O. d'Feiertag, M. Margairaz, *Gouverner une banque centrale. Du XVIIe siècle à nos jours*, Paris, A. Michel, 2010, pp. 196-197.

Cf. aussi Archives de la Banque de France, Archives privées de C. Rist, d. 102, 1903-1933.

²⁸ Cf. Archives de la Banque de France, 1370199703, Grèce, 1898-1962, Emprunts extérieurs, 1928.

Tableau 1. Capitaux versés à la BAG vers sa fondation (1929), en drachmes²⁹

Dotation de l'État	950 000 000 dont 500 000 000 prises sur l'emprunt international 'productif'
Capitaux des banques agricoles publiques	90 000 000
Différence de l'émission des actions de la Banque de Grèce	40 000 000
Apports agricoles	20 000 000
Crédits de la Banque Nationale	850 000 000
Total	1 950 000 000

Par ailleurs, la création d'une Banque spécialisée à la fonction du crédit agricole ne reflète pas seulement les intentions politiques liées à la monétarisation de la production : selon ses statuts, la nouvelle Banque devrait financer la réforme agraire, mise en place dans les années 1920, aussi bien que l'établissement rural des réfugiés provenant de l'Asie Mineure. Ainsi, réforme agraire, crédit agricole et gestion de la population rurale à travers la structure coopérative³⁰ créent les points de la même expansion linéaire. Le même texte réglementaire concède à la BAG la gestion des dettes provenant par le financement de l'établissement rural des réfugiés, dont la Banque Nationale était chargée auparavant.³¹ En outre, on doit ajouter la liquidation des dettes provenant de l'établissement rural des réfugiés, et en général par la réforme agraire³². A titre définitif, en 1931 la Banque Agricole a été chargée d'opérer les recouvrements dus à l'Office autonome pour l'établissement des réfugiés (créé par la SDN), de dettes qui proviennent de l'installation – agricole ou urbaine – des réfugiés.³³ En outre, il lui a été transférée entièrement la surveillance des coopératives agricoles, qui dorénavant devraient jouer un rôle encore plus dynamique en ce qui concerne la monétarisation de l'économie rurale et la commercialisation de la production agraire.

Ainsi, la nouvelle Banque s'est chargée de la gestion globale de l'économie rurale. En termes généraux, on peut résumer que l'institutionnalisation du crédit agricole reflète la centralisation progressive de la politique agraire, vu que la première approche – formée dans la conjoncture

²⁹ Source : X. Zolotas, *Politique Agraire*, Athènes, Tzakas & Delegrammatikas, 1934, p. 176, en grec.

³⁰ Cf. aussi, K. Papageorgiou, "Usage and mis-usage of cooperatives. The example of Greece", eds. H. Gardikas-Katsiadakis, C. Brégianni, *Agricultural cooperatives in South and Central Europe, 19th-20th century: A comparative approach*, introd. par C. Brégianni, Athènes, Academy of Athens, 2013.

³¹ En ce qui concerne les prêts accordés aux réfugiés jusqu'en 1927, cf. M. Dritsas, « La Banque Nationale et les réfugiés », *Historica*, 4 (1985), pp. 313-326, en grec. Pour les prêts agricoles, cf. *ibid.*, pp. 320-321. On renvoie le lecteur au même article pour la participation de la Banque Nationale au financement de l'Office international autonome pour l'établissement des réfugiés.

³² Loi 4 332 sur la ratification de la convention passée entre l'État grec et la Banque Nationale concernant la création et le fonctionnement de la Banque Agricole, JO n° 2 839, 16-8-1929, article 35.

³³ Selon la loi 5 151/1931. Cf. aussi M. Notaras, *L'établissement rural des réfugiés*, Athènes, 1934, p. 250.

politique du gouvernement « provisoire » de Salonique en 1917³⁴ –, de la réforme agraire comme créatrice d'une propriété rurale égalitaire³⁵ et structurée autour des coopératives obligatoires de copropriété de terre³⁶, a été très vite abandonnée. Ainsi, dès la fin des années 1930 cette approche a cédé sa place à une agriculture fondée sur la culture intensive de l'exploitation familiale qui devrait naturellement être financée par le secteur bancaire.³⁷ L'élément le plus important qu'on doit mentionner ici c'est le fait que la réforme a stabilisé la petite propriété rurale comme le statut principale de la *classe agricole*³⁸, créant des propriétés d'une superficie minimale [Tableau 2]. Les données ci-dessous démontrent que la majorité absolue des agriculteurs grecs possédait moins de 3 hectares³⁹ : si on prend en considération que dix hectares sont nécessaires pour qu'une famille puisse écouler des surplus sur les marchés⁴⁰, on conclut que les propriétés formées par la réforme ne pouvaient subsister qu'en s'appuyant aux crédits agricoles, officiels ou non.

³⁴ En mai 1917 cinq décrets-lois prescrivent l'expropriation forcée des grands domaines agricoles et leur concession aux cultivateurs autochtones sans terre pour former des petites propriétés. Cf. parmi eux le décret « sur la concession des terres d'État aux cultivateurs dans le but de former petites propriétés », JO 94, 22-5-1917. La loi de décembre 1917, qui étend au territoire national les principes de cette législation agraire promulguée par le gouvernement provisoire, soumet au partage tout domaine dont l'étendue dépasse les 100 hectares. Néanmoins, à cause de la situation politique, cette législation n'a pas pu s'appliquer jusqu'en 1923 et l'arrivée en Grèce des réfugiés.

³⁵ Cf. en ce qui concerne la notion de la politique non égalitaire dans les années vingt, dans le contexte d'Amérique du Nord, cf. P. Krugman, *The conscience of a Liberal*, New York/London, 2007, pp. 17-21.

³⁶ Selon l'article 1 du décret-loi « sur les coopératives obligatoires de gestion de copropriété et de fourrages collectifs » [JO 196, 19/7/1923] : « *ce sont obligatoirement inscrits comme membres des coopératives, les personnes qui ayant obtenu le droit de la copropriété collective ...ne sont pas encore inscrites comme coopérateurs, tout en représentant la minorité du nombre total des collectivistes* ». En ce qui concerne la question des coopératives obligatoires de gestion de copropriété, cf. aussi le décret « sur la concession des terres d'État aux cultivateurs dans le but de former petites propriétés », JO 94, 22-5-1917, le Décret-loi « sur la ratification du Protocole de Genève concernant le rétablissement des réfugiés en Grèce et la fondation de l'Office autonome pour l'établissement des réfugiés, etc. », JO 289, 13-10-1923, la loi « sur la modification et l'accomplissement de la Loi 602 sur les coopératives », JO 322, 17-9-1931.

³⁷ Cf. pour la différenciation des cultures, après la réforme agraire des années trente, C. Brégianni, « La Dépression internationale de l'entre-deux-guerres et l'économie rurale grecque (1928-1935). Crise agraire et commercialisation de la production », Conférence Internationale d'Histoire Rurale, Berne 19-22 août 2013, Session *Long-term effects of agrarian crisis and agrarian depression on commercial networks (1750-2000)*, organisée par H. Laurent.

³⁸ On utilise ce terme car il s'agit de la terminologie du discours politique et des textes officiels de l'époque, de provenance politique libérale.

³⁹ Néanmoins, parmi ces chiffres on doit compter qu'une partie concerne des agriculteurs ayant une autre profession principale, puisque le nombre cité dépasse la main d'œuvre en agriculture [cf. aussi tableau 4].

⁴⁰ H. Bennezon, *La vie en Picardie au XVIII^e siècle. Du café dans les campagnes*, 2012, p. 165.

Tableau 2. Extension des cultures en Grèce, selon l'inventaire général en 1928⁴¹

Extension des cultures	Nombre des cultivateurs	Pourcentage
De 1 à 10 stremmes*	358 718	37,63%
De 11 à 20 stremmes	207 065	21,7%
De 21 à 30 stremmes	127 553	13,38%
De 31 à 50 stremmes	137 018	14,37%
De 51 à 70 stremmes	52 493	5,50%
De 71 à 100 stremmes	32 357	3,40%
De 101 à 200 stremmes	27 013	2,83%
De 201 à 500 stremmes	8 297	0,87%
De 501 à 1000 stremmes	1 415	0,15%
De 1001 à 2000 stremmes	588	0,06%
De plus de 2001 stremmes	850	0,09%
Total	953 367	100%

* stremma = 1/10 d'hectare

Le cas de la réforme de l'entre-deux-guerres confirme que ce n'est pas la réforme agraire soi-même qui est le point critique, mais plutôt le système de crédit qui la soutient.⁴² Ce schéma a exclu la gestion coopérative des exploitations, provenant soit de la distribution des terres ottomanes soit de l'expropriation des grandes propriétés foncières grecques, et il a définitivement rendu le mouvement coopératif en consommateur de crédit.⁴³ Ce dernier s'est progressivement transformé en une structure centralisée, destinée à administrer et à contrôler la population rurale.⁴⁴ Ainsi, le principe de la responsabilité mutuelle des coopérateurs peut être aussi compris comme un mécanisme de prolifération du crédit. Comme résultat de ce modèle,

41 Source : B. Alivizatos, « La réglementation des dettes des agriculteurs », *Bulletin de la Banque Agricole*, III, (1938/2), p. 138, en grec.

42 G. Postel-Vinay, *La terre et l'argent. L'agriculture et le crédit en France du XVIIIe au début du XXe siècle*, Paris, Albin Michel, 1998, p. 281.

43 Cf. analytiquement sur cette question C. Brégianni, « Réseaux coopératifs à la gestion du crédit agricole. Utopie, perception idéologique ou instrument de la politique agraire ? », *Compte-rendu de la Conférence L'économie rurale grecque durant la période de Venizélos*, eds. D. Panagiotopoulos, P. Sotiropoulos, Athènes, Université d'Agronomie/Fondation Nationale des Recherches « Eleftherios Venizélos », 2007, en grec.

44 Cf. M. Gerakaris, « État et coopératives », *Bulletin de la BAG*, 1.1 (1936), pp. 8-9, en grec.

Pour l'analyse de cette question C. Brégianni, « Some help to the people and to the markets: Greek agricultural cooperatives as an institutional intervention (1914-1936) », 15th Annual European Business History Association Conference, Athens, 24-26 August, 2011, Session *Cooperative Business and Structure in Historical Perspective*, organisé par C. Brégianni et C. Roman Cervantes [<http://ebha.eap.gr/files/Papers/cooperatives%20greece.pdf>]. Idem, "Banking System and Agricultural Cooperatives in Greece (1914-1936): institutional renovation or economic decline?" eds. Gardikas-Katsiadakis, Brégianni, *Agricultural cooperatives in South and Central Europe, 19th-20th century: a comparative approach*, op. cit.

vers la fin des années 1930 le secteur agricole était surendetté, les arrérages étant dues à l'État, à la BAG et aux réseaux inofficiels du crédit.⁴⁵ Etant une métaphore non seulement économique mais aussi politique, la dystopie créée par le modèle du crédit centralisé via l'interventionnisme étatique a, en effet, renversée les projets initiaux pour une économie sociale. Telles furent les idées des initiateurs de la modernisation rurale, comme le social-démocrate A. Papanastasiou.

A partir des éléments quantitatifs, qui en effet concrétisent la politique appliquée, on note que depuis la première année de son fonctionnement la Banque Agricole met l'ensemble de son capital en placements, représentant surtout des crédits à court terme⁴⁶ [Tableaux 3, 4]. La hausse des crédits agricoles suit une évolution stable durant ces premières années, une activité qui s'articule autour de la centralisation progressive, administrative et organisationnelle, de la Banque. Dans les tableaux on peut constater qu'il s'agit, en premier lieu, de prêts à court terme (c'est-à-dire de prêts de culture) et, en deuxième lieu, de prêts sur gage des produits agricoles. Vers la fin de la période examinée, on note une hausse de ces derniers, constituant une sorte de sécurité pour les placements bancaires. En effet, l'évolution progressive du crédit agricole décrit comme priorité de la Banque la sécurité de ses placements. En outre, il faut toujours prendre en compte que les prêts sur gage des produits représentent également des prêts de culture : alors, ces derniers constituent la quasi-totalité des crédits octroyés, laissant peu d'espace aux investissements productifs.

⁴⁵ Ainsi, selon l'inventaire de 1936 de l'endettement agricole, les dettes représentaient le 62% des revenus agricoles au niveau national : il s'agit toujours de dettes à des crédateurs privés, à l'État grec, et à la BAG, y compris les dettes à l'ancienne Office autonome de l'établissement des réfugiés. Ce pourcentage varie selon le département, le Péloponnèse et la Grèce continentale ayant le niveau le plus élevé d'endettement, respectivement d'un pourcentage de 75% et de 80% sur les revenus agricoles locaux. Cf. B. Alivizatos, « Le règlement des dettes agricoles », *Bulletin de la Banque Agricole*, 3.3 (1938), pp. 144-146, en grec.

Pour l'endettement de l'agriculture grecque vers la fin des années trente, cf. Brégianni, *Les banques, l'agriculture et l'Etat*, *op. cit.*, pp. 294-213.

⁴⁶ Ce qui correspond aux prêts de culture d'une durée de neuf mois. Selon les archives bancaires, de 1923 à 1929, c'est-à-dire durant la période où le crédit agricole était sous la responsabilité de la Banque Nationale, ces prêts pourraient se prolonger en silence jusqu'à une durée de 11 mois. Cf. C. Brégianni, « Réseaux coopératifs à la gestion du crédit agricole », *loc. cit.*

Tableau 3. Crédits agricoles à court terme de la Banque Agricole (en drachmes)⁴⁷

An	Vers particuliers	Nombre des emprunteurs	Vers coopérateurs	Nombre des emprunteurs	Sommes totales	Nombre total des emprunteurs
1930	259 442 738,85	85 955	638 055 651,35	200 538	897 498 390,2	286 493
1931	322 431 119	138 089	609 896 245,1	207 835	932 327 364,1	345 924
1932	316 246 535,65	102 671	519 160 560,5	145 452	835 407 095,70	248 123
1933	314 201 619,2	108 951	568 908 966,45	129 189	883 110 585,65	238 090
1934	347 939 246,65	108 814	540 183 155,05	133 147	888 122 401,70	241 961
1935	464 904 799,25	129 448	645 929 233,7	145 903	1 110 834 032,95	275 351
1936	628 555 586,85		882 904 998,4		1 511 460 585,25	

Tableau 4. Crédits agricoles sur gage de produits de la Banque Agricole (en drachmes)

An	Vers particuliers	Nombre des emprunteurs	Vers coopérateurs	Nombre des emprunteurs	Sommes totales en drachmes
1930	107 086 519,70	16 994	284 520 385,30	41 017	391 606 905
1931	90 973 817,10	20 803	294 623 919,40	70 157	385 597 736,50
1932	61 431 836,50		208 197 123,85		269 628 960,35
1933	138 503 294,15	19 582	335 941 524,40	38 990	474 444 818,55
1934	125 685 831,80	19 945	870 444 216,10	28 473	996 130 047,90
1935	255 905 387,55	27 894	470 157 462,50	39 696	726 062 850,05
1936	527 993 227,55	56 901	697 596 510,60	50 270	1 225 589 738,15

Il est significatif, afin de comprendre tant la diffusion du crédit agricole que l'impact social de ce dernier, de juxtaposer quelques informations générales sur la population rurale grecque selon le recensement de 1928 [Tableau 5]. Ces données démontrent néanmoins que la diffusion du crédit agricole, et par conséquent son impact social, n'étaient pas aussi considérables que la politique agraire et les textes réglementaires l'affirmaient : les crédits octroyés s'étaient somme toute absorbés par un nombre limité d'agriculteurs (particuliers ou membres des coopératives).

⁴⁷ Source des Tableaux 3 et 4: Banque Agricole de Grèce, *Rapport Annuel 1930, 1931, 1932, 1933, 1934, 1935, 1936*, Athènes: BAG, 1931-1937.

Tableau 5. Eléments sur la population grecque (1928)⁴⁸

Population (total)	6 204 684
Population des villes	2 064 700
Population des bourgs (de 2001 jusqu'à 5000 habitants)	571 700
Population de la campagne (villages jusqu'à 2 000 habitants)	3 568 253
Main d'œuvre (total)	2 415 078 (Il s'agit de la population âgée de 10 ans et plus. Plus de 2, 3 millions de personnes étaient sans profession, dont les 1,6 millions femmes)
Main d'œuvre en agriculture	1 286 163
Main d'œuvre en élevage	167 062

Pour mieux comprendre le crédit agricole comme facteur de stabilité de l'économie rurale, on doit prendre en considération la crise agraire qui en Grèce – de même qu'aux autres pays agricoles – se manifeste en 1930, avant que la crise économique et financière rende son visage obscur en Europe. On peut résumer ces caractéristiques à la baisse très importante des prix de produits agricoles – ce qui a eu aussi d'immédiates conséquences financières vue qu'aux exportations grecques ce sont les produits agricoles commercialisés qui jouent le rôle primordial-, à la diminution de la valeur de la production agricole et à une légère mais significative diminution, de son volume, notée déjà en 1929. Au niveau de l'économie familiale on note l'autoconsommation⁴⁹, l'extension de l'élevage du bétail domestique, et une augmentation de la culture du blé et des légumes, au détriment des produits commercialisés⁵⁰, vu que même les documents officiels de la BAG décrivent des phénomènes de famine à la campagne.⁵¹ Au niveau de la politique agraire, la crise a forcé la redéfinition de ses objectifs, en imposant la prise des mesures par le gouvernement libéral d'E. Venizélos (1928-1932) dorénavant d'un caractère protectionniste beaucoup plus intense: en réalité, la crise marque un *terminus* dans le passage de la protection de l'agriculture à l'intervention étatique vers le monde

⁴⁸ Source : B. Alivizatos, « La Grèce rurale et son évolution », *Bulletin de la Banque Agricole*, 4 (1939), p. 291-380, en grec & Statistique Générale de la Grèce, *Annuaire Statistique de la Grèce*, vol. I, 1930, Athènes, Imprimerie nationale, 1931, p. 34, 82.

⁴⁹ On peut supposer que la sévérité de la crise agraire a renforcé une dimension plus communautaire de la vie rurale, puisque la politique de l'insertion de l'économie agricole aux mécanismes du marché a été démontrée faible sous la pression de la conjoncture économique internationale. Cf. G. Béaur, J. Goy, « Introduction », eds. G. Béaur, C. Dessureault, J. Goy, *Familles, terre, marches. Logiques économiques et stratégies dans les milieux ruraux (XVIIe-XXe siècles)*, Rennes, PUR, 2004, p. 10.

⁵⁰ En ce qui concerne la crise agricole en Grèce de l'entre-deux-guerres cf. Brégianni, *Les banques, l'agriculture et l'Etat*, op. cit., pp. 146-179.

⁵¹ Banque Agricole de Grèce, *Rapport de l'activité de l'an 1931*, Athènes, BAG, 1932, p. 3, en grec.

rural⁵², politiques telles que la concentration des produits à des prix garantis, la protection du blé, l'effort de systématiser la culture intensive parmi d'autres, ont été suivies par des organismes étatiques créés dans le but de diriger la production agricole. Puisque le crédit agricole est un instrument pour l'application de la politique agraire, on peut constater que la hausse des sommes destinées aux crédits à court terme, la persistance de ce type de crédit durant toute la période examinée, ainsi que l'ouverture de la Banque aux emprunteurs particuliers, peuvent se relier au besoin immédiat de financer l'économie rurale familiale. En outre, les prêts sur gage de produit agricole, soutiennent la sécurité des placements bancaires, mais aussi le protectionnisme d'État qui vise à stimuler la production pendant la période de la crise. Dans ce cadre, on peut aussi ajouter la distribution d'articles de première nécessité par la Banque à la population rurale, procédure ayant lieu durant toute la décennie.

Préciser le contexte économique : notes sur les coûts de l'installation des réfugiés

Le rôle le plus important que la BAG a joué dans le département de Macédoine et en Thrace était le remboursement des dettes résultant de l'installation des réfugiés. Comme déjà évoquée, l'établissement rural des réfugiés a été assuré par la République hellénique, avec l'aide de fonds internationaux. Le prêt relatif aux réfugiés de 1924 a été conclu dans le but de faciliter leur installation et de financer l'Office autonome pour l'établissement des réfugiés, créé sous l'égide de la SDN : l'État grec a transféré, de biens urbains et ruraux, en forme d'immobilier urbaine et de terres agricoles d'une valeur d'environ 16 millions de livres.⁵³ Afin de soutenir l'œuvre de l'Office Autonome, en 1924 l'État a conclu un emprunt international d'un montant nominal de £ 12 300 000, assorti d'un taux d'intérêt de 7%. Par ailleurs, le dit « prêt productif » émis à Londres en 1928 avec l'autorisation de la SDN, suite à un cycle des négociations à Genève, était destiné à financer l'achèvement de l'établissement de réfugiés. Ce prêt, dont le capital réel s'élevant à GBP 9 000 000, a été émis par Hambro's Bank et a également compris une avance du gouvernement américain à l'Office autonome, dans le but précisément d'achever

⁵² Cf. pour l'analyse de ce sujet C. Brégianni, "After the 1932 Greek Default: Credit and Market Strategies in a Period of Increasing Economic Protectionism", présentation in European Association for Banking and Financial History. Université de Bordeaux IV /Groupe de Recherche en Economie Théorique et Appliquée, 16 mars 2012. [<http://gretha.u-bordeaux4.fr/journees-eabh-programme-en-ligne>]

⁵³ Décret « sur la ratification de deux conventions datant du 4 et 16 décembre 1924 contractés entre la République grecque, les Hambros Bank Ltd, la Banque Nationale de Grèce et le Spire Company, sur la contraction du prêt "de réfugiés" », JO 118 / 12.05.1925. Cf. aussi, E. Kontogiorgi, *Population Exchange in Greek Macedonia, The rural settlement of refugees, 1922-1930*, Oxford University Press, Oxford, 2006, pp. 77-84.

l'établissement des réfugiés.⁵⁴ Pour l'évaluation quantitative de l'énorme effort consenti par l'État grec dans les années 1920 au sujet des réfugiés, la recherche dispose des statistiques des institutions grecques concernées, ainsi que des données provenant de la SDN et de l'Office.

Le nombre total des réfugiés installés en Grèce, avant et après l'échange des populations selon l'Acte de Lausanne, a été estimé par le recensement général de 1928 à environ 1 222 000 individus, dont un million sont venus en Grèce après la chute du front d'Asie Mineure.⁵⁵ D'autres sources citent le chiffre de 1,5 million de réfugiés.⁵⁶ L'estimation du recensement général de 1928 serait donc nettement inférieure au nombre réel de réfugiés.⁵⁷

Selon la population des réfugiés enregistrée par le recensement de 1928, le secteur primaire employait un total d'environ 255 000 personnes – hommes et femmes.⁵⁸ Bien que l'emploi des femmes dans les zones rurales ait été indiqué dans ce recensement, il est probablement sous-estimé : il devait comprendre plus des 97 000 femmes déclarant travailler dans l'agriculture et l'élevage.

Un total de 143 531 familles se sont installées dans la zone rurale par le biais de l'Office autonome et 2 167 ménages par l'action de l'État grec.⁵⁹ Si chaque famille comptait une moyenne de quatre personnes – comme c'est défini par le Service statistique –, l'établissement rural des réfugiés a pu comprendre un total de 570 000 personnes, soit un peu moins de la moitié de la population des réfugiés.⁶⁰

⁵⁴ Décret « sur la publication de deux accords signés à Londres le 30 Janvier 1928 sur la contraction du prêt de 1928 à un taux de 6% (prêt de stabilisation monétaire et de l'établissement des réfugiés)», Journal Officiel 49 / 31.03.1928, article 1.

⁵⁵ Service statistique de la Grèce, *Annuaire statistique 1930*, Imprimerie nationale, Athènes [1930], page 39, en grec.

⁵⁶ Entre autres sources, A. A. Pallis, « Les Effets de la guerre sur la population de la Grèce », in A. Andréadés et al, *Les Effets Economiques et sociaux de la Guerre en Grèce*, [coll. Histoire Economique et Sociale de la Guerre Mondiale], Presses Universitaires de France Université -Yale University Press, Paris - New Haven, 1928, p 136-150.

⁵⁷ Cf. Kontogiorgi, *Population Exchange*, *op. cit.*

⁵⁸ Service statistique général de la Grèce, *Annuaire Statistique 1930*, Athènes, 1931, p. 83. Pour l'évolution de l'établissement rural en Macédoine cf. Kontogiorgi, *Population Exchange*, *op. cit.*, pp. 156-157.

Des paramètres importants de la microanalyse des exemples locaux de familles établies dans l'économie rurale sont analysés in E. Prontzas, *Nationalisme économique. Essai dans l'histoire grecque moderne*, Thessalonique, 1999, pp. 131-152, en grec.

⁵⁹ Service statistique général de la Grèce, *Annuaire Statistique 1930*, Athènes, 1931, pp. 104-105.

Le nombre d'environ 143 000 pour les familles de réfugiés établies dans la campagne a été cité aussi en 1927 par la SDN, alors qu'il a été un calculé par ses services un taux de 5%, personnes qui étaient susceptibles de quitter la campagne après leur établissement. Cf. Archives de la Banque de France, 13 70 199703, boîte 2, Emprunt de stabilisation et d'établissement des réfugiés de 1928, Dix-neuvième rapport de l'Office autonome pour l'établissement des réfugiés, Athènes 22/08/1928, p. 7 8).

Ainsi, le nombre total des familles de réfugiés établies dans la campagne donné par la SDN se croise avec les informations de Tsoudéros pour 147 215 familles ; voir. E. Tsoudéros, *L'indemnisation des réfugiés grecs*, Librairie du Recueil Sirey, Paris, 1928, p. 25 [extrait de la *Revue d'Économie Politique*, 1, 1928], p 26.

⁶⁰ Service statistique général de la Grèce, *Annuaire Statistique 1930*, *op. cit.*, p. 83.

Il convient de noter ici qu'un nombre considérable de réfugiés d'origine urbaine a été établi dans la campagne, illustrant que les besoins d'investissements publics dans le secteur agricole – et évidemment en ce qui concerne la fourniture de provisions – furent remarquables. En particulier au département de Macédoine, y étaient installées à la fin de 1929 environ 339 000 personnes, soit 87 170 familles.⁶¹ Ce département a reçu environ 60% des réfugiés qui se sont établis dans la campagne. Sur le coût de l'installation des réfugiés en milieu rural, les sommes dépensées par l'Office autonome jusqu'à la fin de 1929 ont été estimées à 10 242 601 livres sterling⁶², sans compter la valeur des biens immobiliers et des terres rurales accordées par l'État grec, et la valeur de la propriété ottomane échangée. De même, le Gouverneur de la Banque de Grèce et futur Premier ministre Emmanuel Tsouderos cite la somme de 27 297 014 livres dépensée globalement pour l'établissement des réfugiés, installés dans la campagne et dans les villes, dépenses provenant des fonds grecs et internationaux.⁶³ Pour le département de Macédoine en particulier, selon le Service statistique, 7 000 000 livres sterling furent dépensées pour l'hébergement des réfugiés établis dans la campagne, pour les prêts agricoles et pour l'approvisionnement en bétail et en outils agricoles.⁶⁴ Par conséquent, l'établissement rural des réfugiés en Macédoine a absorbé environ 70% des sommes totales dépensées pour les réfugiés établis dans la campagne. Ces coûts devraient également comprendre les capitaux versés par l'État grec pour la réforme agraire et la distribution de terres aux cultivateurs autochtones sans terre et pour l'approvisionnement en matériel et en capital des propriétés agricoles nouvellement créées.⁶⁵

Comme déjà mentionné, toutes les dettes provenant de l'établissement – urbain et rural – de réfugiés ont été transférés de façon permanente à la Banque Agricole de Grèce, après la dissolution de l'Office autonome en 1930. Selon la BAG, la dette totale provoquée uniquement par l'établissement rural s'élève à 2 442 milliards de drachmes en 1933, somme qui doit être divisée par 167 089, étant le nombre des chefs des familles rurales.⁶⁶ Une bonne partie de ce montant, soit 1 784 milliards drachmes, étaient des dettes de l'établissement rural dans le département de Macédoine. Par conséquent, environ 70% de la dette des réfugiés provenant de

⁶¹ *Ibid*, p. 104.

⁶² *Ibid*, p. 161.

⁶³ Tsouderos, *L'indemnisation, op. cit.*, p. 25.

⁶⁴ Service statistique de la Grèce, *Annuaire statistique 1930, op. cit.*, p. 161.

⁶⁵ Cf. C. Brégianni, « Réformes agraires et changement rural en Grèce, du XIXe siècle à l'entre-deux-guerres », *Neoellinica Historica*, 4 (2016).

⁶⁶ Il semble que les données fournies par la BAG ne soient pas absolument exactes, il devrait donc être traitées avec une certaine pertinence dans l'analyse. Par rapport même aux données fournies par le Service Statistique Grecque, et la SDN, la Banque enregistre un plus grand nombre des réfugiés établis dans la campagne. Mais les datas de la BAG sont rassemblées cinq ans plus tard (1933), donc cette évaluation semble raisonnable.

leur établissement rural portait sur la Macédoine.⁶⁷ Selon le recensement des dettes agricoles effectué en 1936 par la BAG, la Macédoine a été alourdie par une dette provenant de l'établissement rural des réfugiés qui s'élevait en cette même année au total à 1 263 milliards de drachmes.⁶⁸ Nous observons que les sommes élevées – par rapport au reste de la Grèce- de la dette rurale des réfugiés de la région de Macédoine a nécessité la mise en place d'un réseau bancaire sur place, afin que le remboursement de la dette soit supervisé de près, mais aussi pour assurer l'approvisionnement du matériel aux petites propriétés rurales des réfugiés. De plus, la stratégie d'une présence élargie de la BAG en région macédonienne coïncide avec la politique bancaire de réduire de deux points de pourcentage les taux d'intérêt sur les prêts agricoles, à court et moyen terme, taux en vigueur tout au long des années 1930 tant en Macédoine qu'en Thrace. Ainsi, dans ces régions les taux des prêts ruraux varient généralement de 5 à 7,5%, selon la qualité des emprunteurs étant des agriculteurs individuels ou des membres des coopératives agricoles. De même, durant cette même période les taux d'intérêt sur les dépôts ruraux étaient légèrement supérieurs en Macédoine et en Thrace en comparaison au reste de la Grèce.⁶⁹

IV. *La morphologie du réseau*

Géographie des Maisons⁷⁰

Ayant une fonction d'intermédiaire entre le milieu politico-économique et la population rurale, la Banque Agricole se fonde sur la multiplication de réseaux polyvalents et déséquilibrés représentant cette fonction d'interaction. Partant de l'apparence, le « dehors » de la Banque, les hypothèses de recherche sont alors multiformes. Adoptant un langage symbolique, nous pouvons dire que le réseau bancaire a un « aspect » très structuré, se soumettant aux demandes et aux nécessités de la politique agraire, aux possibilités de l'économie locale mais aussi aux revendications sociales. Ayant pris en considération la différenciation essentielle de ces

⁶⁷ Selon l'estimation de B. Alivizatos, « Le règlement des dettes agricoles », *Bulletin de la Banque Agricole de Grèce*, 3.3 (1938), pp. 123-129.

⁶⁸ *Ibid*, p. 129.

⁶⁹ Cf. BAG, *L'activité d'une décennie*, Athènes, BAG, 1940, p. 128, en grec. C. Brégianni, *Les Banques, l'agriculture et l'État. Stratégies du crédit et politique agraire en Grèce de 1861 à 1940*, Lille, Septentrion, 2002, p. 292.

⁷⁰ On utilise ce terme pour décrire l'ensemble des emplacements de la BAG dans la campagne grec, étant donné que son réseau est hiérarchisé (cf. infra).

facteurs, nous n'essayerons pas de les assimiler mais de les utiliser comme des indices, afin de tenter de construire le réseau bancaire dans son interférence avec le milieu social.

Le réseau, à la fois vague métaphore consacrée par l'usage et véritable outil d'analyse, renvoie à des réalités diverses telles des configurations d'une fonction technique générale, des mécanismes servant aux flux des marchandises, de l'argent etc., ou des agencements géographiques d'unités distinctes mais réciproques.⁷¹ Néanmoins, n'importe quel réseau donne en général l'image d'un agencement continu et homogène. En réalité, les réseaux évoquent la complexité, puisqu'ils se composent d'éléments très divers. À leur création, on remarque deux types de structures, qui se combinent afin de permettre la circulation : *primo*, les points centraux qui constituent les nœuds, disposés pour former un ensemble.⁷² Ainsi, ces centres servent l'ensemble du réseau, sont l'appui de tout autre point. *Secundo*, le réseau est constitué des points linéaires, des lignes qui s'y attachent. Enfin, dans le réseau s'identifient des énoncés pragmatiques où réside le texte visible et matériel qu'écrit la société humaine sur elle et sur le monde physique.⁷³

Étant d'abord un agencement géographique, le réseau, intègre des fonctions multiples, selon lesquelles il est défini dès sa création. Ainsi, il attribue à l'espace un langage qui lui est propre. Cette organisation spatiale transforme l'espace en un outil, une codification dans laquelle s'inscrit la volonté humaine. On peut, ainsi, percevoir le concept du réseau comme un ordre des signes qui se réunissent afin de le faire lisible et compréhensible pour l'utilisateur.⁷⁴ Dans le cas d'un réseau économique, tel qu'un réseau bancaire, les rapports intérieurs qui le régissent sont beaucoup plus complexes, malgré sa texture similaire à celle d'autres types de réseau. À l'instar de chaque phénomène économique, la constitution du réseau des Maisons⁷⁵ d'une banque, c'est-à-dire sa stratégie à l'égard de son expansion géographique⁷⁶, est soumise à l'évolution de l'économie en général et aux priorités données au développement de tel ou tel département géographique. Toutefois, la textualité du réseau se forme également au croisement des nécessités, en les suivant. Dans le cas qu'on examine, l'adaptation des fonctions bancaires

⁷¹ Y. Grafmeyer, *Les gens de la Banque*, Paris, PUF (coll. sociologies), 1992, p. 120.

⁷² M.-F. Rouge, « L'organisation de l'espace et les réseaux », *Hommage à Lucien Febvre. Eventail de l'histoire vivante*, Paris, A. Colin, 1953, t. I, pp. 401-405.

⁷³ P. Forget, G. Polycarpe, *Le réseau et l'infini. Essai d'anthropologie philosophique et stratégique*, Paris, Economica, 1997, pp. 7-9.

⁷⁴ *Ibid.*

⁷⁵ Pour l'usage du terme cf. note 90.

⁷⁶ Par rapport à l'importance donnée à la construction du réseau bancaire et à sa contribution au développement de l'organisme, cf. J. L. Hébert, « D'établissement de bienfaisance à un réseau d'établissement de crédit de plein exercice », ed. R. Darteville, L. Américi, *Deux siècles d'une entreprise citoyenne. La mémoire de l'épargne au service des hommes et de l'économie régionale*, Paris, éd. de l'Aube, 1997, pp. 25-26.

à l'assistance économique de la population établie par la réforme agraire est éloquente. Néanmoins, la banque, sous sa forme d'institution économique, introduit une dimension supplémentaire dans l'articulation de son réseau : celle d'une mutation profonde qui tend à englober l'espace. Ainsi un réseau bancaire contient les émetteurs du crédit (la haute administration), les relais (les succursales, les agences, etc.), les connecteurs (les employés) et les connectés (les clients de l'organisme). Ce schéma justifie la fonction intermédiaire de l'argent qui, à travers sa circulation, met en connexion n'importe quel point de départ avec n'importe quel point d'arrivée.⁷⁷

Appliquées à la Banque Agricole, ces hypothèses permettent de repérer la manière dont celle-ci adapte son développement aux conditions du crédit agricole et la manière dont elle anticipe les nécessités de l'économie rurale, étant donné que – comme on va le voir plus bas – sa représentation la plus solide se trouve durant l'entre-deux-guerres à la Grèce du Nord.

À l'instar des services techniques, un réseau économique incarne également l'aménagement de l'espace rural, en mettant en apparence le contrôle d'activité économique et en canalisant les ressources vers l'agriculture.⁷⁸ En outre, le déploiement d'un réseau économique dans le monde de la campagne renvoie également à l'affaiblissement des inégalités entre celui-ci et le monde urbain. La représentation politique d'une société rurale égalitaire – ou quasi égalitaire – créée par la réforme agraire, cristallise clairement une apparence politique. Vers la fin de la période examinée, la présence presque charnelle de la Banque dans chaque bourg matérialise les déclarations au sujet de la protection de l'agriculture et constitue un indice de l'intérêt étatique pour la population rurale. Ces aspects « techniques » du réseau deviennent progressivement de créateurs de rapports sociaux : la présence d'une institution bancaire ne se réfère pas seulement à ses clients, mais aussi aux agriculteurs qui sont exclus des prêts. Par ailleurs, le corps des employés – étant des intermédiaires entre la Banque et la population rurale – renvoie aux candidats qui cherchent à peupler l'organisme. Ainsi, en dehors de la fonction précise du réseau bancaire, les réseaux dérivants, parallèles ou antagonistes doivent être aussi examinés.

A la fin des années 1930, la Banque Agricole occupe une place considérable au sein du système bancaire grec, place liée directement à l'étalement de son réseau bancaire. Ainsi, au début des

⁷⁷ G. Simmel, *Philosophie de l'argent*, trad. de l'allemand par S. Cornille et P. Ivernel, Paris, PUF (coll. sociologies), 1987, p. 266.

⁷⁸ En ce qui concerne les problèmes liés l'aménagement de la campagne, cf. B. Kayser, « Nécessité et difficultés de l'aménagement de l'espace rural », *Aménagement du territoire et développement régional*, Grenoble, Institut d'Études Politiques, 1970, t. III, pp. 63-89. Spécialement par rapport à l'organisation des services économiques, cf. *ibid.*, p. 68.

années 1940, la BAG disposait de 110 succursales et agences⁷⁹ qui couvraient l'ensemble du territoire national. Au bout de dix ans, elle est donc parvenue à créer, au niveau national, un réseau avec accès aux principales villes du pays. L'existence même d'un nombre considérable de Maisons symbolise l'entrelacement de la ville et de l'espace rural, puisque cette multiplication des affaires renvoie au rapprochement de l'émetteur du crédit et du client de la Banque.⁸⁰ Parmi d'autres facteurs, l'extension d'un réseau de succursales, destiné particulièrement à l'exercice du crédit agricole, signifie que le secteur bancaire ainsi que le mécanisme étatique le surveillant, sont à la recherche de capitaux inactifs, immobilisés auparavant sous la forme de réserves des agriculteurs. En somme, la Banque utilise la métaphore du réseau en mettant l'accent sur son rôle de médiation entre une fonction économique et le territoire.⁸¹ Il s'agit, alors, d'un réseau autant de caractère technique que de caractère social.

Pourtant, ce n'est pas la Banque Agricole qui a initié la population rurale à l'épargne systémique. La Banque Nationale, mis à part ses prêts agricoles octroyés jusqu'en 1929, a attiré aussi l'épargne des agriculteurs, épargne placée dans ses succursales. Comme les documents d'archive le montrent⁸², un pourcentage assez considérable de ces dépôts ruraux appartenait aux jeunes femmes célibataires qui préparaient leurs dots. Malgré l'initiation des agriculteurs à l'esprit d'épargne par la voie de la Banque Nationale, il est évident que la Banque Agricole, qui s'adresse directement au monde rural, avait plus de chances d'attirer leurs économies qu'une banque commerciale. Pour atteindre cet objectif, les taux d'intérêt de la BAG étaient légèrement plus élevés pour les agriculteurs épargnants en comparaison aux taux réservés aux habitants des villes.⁸³

En plus de la recherche de capitaux inactifs, l'extension du réseau des succursales est, pour la BAG, naturellement liée à sa vocation de financer la production agricole, en accordant des crédits. Ainsi, l'étude de la progression du réseau de la BAG sur le territoire grec peut mettre

⁷⁹ Numéro obtenu par l'enregistrement des circulaires administratives de la BAG, annonçant la création de succursales nouvelles. Cf. supra, annexes.

⁸⁰G. Normand, *Histoire des Maisons à Succursales en France*, Paris, Éd. de l'union des entreprises modernes, 1936, t. I, pp. 7-8.

⁸¹J.- M. Offner, D. Pumain (éd.), *Réseaux et territoires. Significations croisées*, préf. de Cl. Raffestin, La Tour d'Aigues, Éd. de l'Aube, 1996, p. 175.

⁸²Archives Historiques de la Banque Nationale, Série: Crédit Agricole, Dossier: Registres des Succursales régionales.

⁸³Ainsi, le taux des comptes ruraux des dépôts à vue et à terme sont 0,5 points de pourcentage plus élevés que celui destiné aux habitants des villes, une situation qui a pourtant changé en 1937, quand les taux d'intérêt ont été égalisés pour tous les épargnants. BAG, *L'activité d'une décennie, 1929-1939*, Athènes, BAG, 1940, p. 151, en grec.

en évidence les priorités de la politique agraire, mais aussi la capacité pour chaque région de s'adapter aux structures du marché monétaire. L'articulation de ces différents aspects, (c'est-à-dire de la politique agraire d'une part et de l'évolution du réseau bancaire d'autre part), s'explique d'une façon tant simple que significative : l'organisation de l'espace suit une politique de planification économique, à condition que l'intervention étatique dans la vie économique soit une pratique acceptable.⁸⁴

En outre, ce point de vue sur l'évolution d'un organisme bancaire révèle les inégalités du développement de la périphérie, en énonçant l'importance de chaque région pour l'économie nationale et en décrivant la participation l'accès disproportionnée, ou au contraire égale, de chaque département aux ressources monétaires. Sans doute, la majorité des réseaux économiques représentent une évolution géographique inégale : cette disparité doit être attribuée à des causes économiques ainsi que politiques. En d'autres termes, le degré de participation de chaque région à la construction du mécanisme étatique et de l'administration centrale influence, à son tour, sa participation aux investissements publics. Ainsi, une politique qui vise à agencer l'espace peut unifier le territoire mais il peut aussi le morceler.

Telles sont les questions additionnelles qui permettront d'analyser l'expansion du réseau de la Banque Agricole. L'exigence du financement de la réforme agraire et de la population nouvellement établie étant le souci principal, le déploiement du réseau autour de cet objectif amène à une vaste représentation de la Banque dans les nouvelles régions annexées au territoire national, celles de la Macédoine hellénique et de la Thrace. Le Tableau 6 ci-dessous [cf. également le Tableau 8 en annexe] fourni des éléments spécifiques sur l'évolution du réseau pendant les années 1930, les dix premières années de l'activité de la Banque. L'évolution du réseau ne fut pas progressive malgré la déclaration en 1930 du Gouverneur Gontikas selon laquelle la Banque comptait créer dix à quinze succursales par an.⁸⁵ En effet, les six premières années elle ne présente aucune activité dans ce domaine [Tableau 6].

Tableau 6. Fondations des Maisons de la BAG, nombre par an.

1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
1	1	7	1	0	5	25	16	28	20	5

⁸⁴ Cf. J. Labasse, *L'organisation de l'espace. Éléments de géographie volontaire*, Paris, Hermann, 1966, p. 18.

⁸⁵ BAG, *L'activité d'une décennie, 1929-1939*, Athènes, BAG, 1940, p. 201, en grec.

C'est à partir de 1935 que le réseau s'accroît afin de couvrir le territoire national. Le ralentissement du débout de la période peut s'expliquer par la représentation institutionnelle de la Banque par les Succursales locales de la Banque Nationale⁸⁶, mais il témoigne aussi d'une politique conservatrice en ce qui concerne les investissements bancaires pendant la période de la crise économique. Il paraît que les répercussions en Grèce du krach ont brisé la stratégie initiale de la Banque, par rapport à la fondation de succursales. Il est d'ailleurs naturel que pendant une période de dépression économique, l'activité à court terme d'un organisme bancaire soit limitée.⁸⁷ Ainsi, ce n'est qu'en 1935, au moment où les répercussions directes de la crise diminuent, que la BAG crée vingt-cinq nouvelles maisons, dont la majorité en Grèce du Nord. Ceci reflète l'application progressive du protectionnisme économique, voire l'extension du marché interne, étant donné que l'institution bancaire s'approche aux réfugiés établis dans leur majorité à cette région. A partir de 1935, on constate la création régulière de nouvelles succursales qui, à la fin de la période examinée s'étendent sur la totalité du pays. De cette manière, le réseau de la Banque Agricole, vers la fin de l'entre-deux-guerres, constitue la colonne vertébrale de son réseau actuel.⁸⁸

Les éléments du Tableau 9 (en annexe) permettent de constater que pendant les premières années du fonctionnement de la BAG, la création de ses Maisons (succursales et agences) se localise dans certains noyaux géographiques, dont l'importance n'est pas évidente en ce qui concerne leur contribution à la productivité agricole du pays. Ainsi, à part les sièges d'Athènes et de Salonique, dont la création représente une condition *sine qua non* pour l'existence même de la Banque, ses premières succursales naissent dans les îles. En effet, la préexistence de la Caisse Autonome de Crète⁸⁹ et de la Banque Agraire en Macédoine, d'importance locale, ainsi que celle de la Banque Agricole de Mytilène, a facilité la création des premières succursales de la BAG. Selon les statuts de celles-ci, ces banques agricoles régionales ont fusionné avec la Banque Agricole, qui a ainsi hérité de leurs infrastructures.

⁸⁶ Cf. supra.

⁸⁷ La Banque Agricole n'est pas la seule à être touchée par la crise dans ce domaine. En France la crise économique a donné, vers 1932, un soudain coup d'arrêt à la fièvre constructrice des banques. Cf. J.-F. Pinchon (éd.), *Les palais d'argent. L'architecture bancaire en France de 1850 à 1930*, Paris, Éd. de la Réunion des Musées Nationaux, 1992, p. 12.

⁸⁸ Après la liquidation de la Banque Agricole et son rachat par la Banque du Pirée, son réseau a été fusionné au réseau de cette dernière. Il est à noter que le réseau de la Banque Agricole, construit durant les années 1930, a conservé son ampleur géographique jusqu'à aujourd'hui, en acquérant naturellement de nouvelles agences.

⁸⁹ Cf. pour la Caisse Autonome de Crète, E. Burnova, « Évolution des systèmes de crédit en Méditerranée : le cas de la Crète, 1870-1914 », *Histoire et Mesure*, 10.1/2 (1995), vol. spéc. *Économie et sociétés grecques, XIX-XX s.*, pp. 25-45.

Liée aussi aux facteurs institutionnels, la naissance de la Banque Agricole était conçue par le gouvernement libéral de Venizélos en 1928-1929, sous la forme d'un rapport réciproque avec la Banque Nationale. En ce qui concerne son réseau, cette réciprocité a été traduite en la possibilité, pour la nouvelle Banque, d'être représentée en province par les succursales de la BNG. Ainsi, dans chaque succursale de la Banque Nationale sont créées des Représentations de la BAG, dont le responsable est le cadre qui dirige les affaires de la Banque Nationale locale. En plus, les directeurs des succursales locales de la Banque Nationale sont autorisés à agir au nom de la Banque Agricole.⁹⁰ Cette cohabitation signifie que les agriculteurs qui demandent un emprunt ou qui veulent effectuer un dépôt doivent s'adresser à la succursale de la Banque Nationale qui, en agissant comme la représentante de la Banque Agricole, administre l'affaire, étant soumise à l'obligation de tenir différents registres de comptabilité au nom de la Banque Agricole pour ces actions bancaires. Formellement, les Représentations de la BAG, étaient obligées, tous les samedis, de faire parvenir par télégramme à la Maison centrale un rapport sur les emprunts à court terme contractés, et d'y signaler également les recouvrements sur les emprunts à court terme.⁹¹ En ce qui concerne la décision finale sur la concession ou non d'un prêt, les textes ne sont pas parfaitement clairs : selon les circulaires administratives de la Banque Agricole, la décision finale par rapport à l'octroi de prêts à court terme était prise par les directeurs de la Banque Nationale. D'une façon ou d'une autre, ces prêts étaient contractés au nom de la BAG.⁹² Au contraire, en ce qui concerne les prêts à long ou à moyen terme, c'était le Service technique de la BAG à Athènes qui décidait de la concession ou non du prêt. En tout cas, la circulation de l'information n'était pas assurée et de nombreux problèmes sont aussitôt apparus, précisément en raison de cette cohabitation des organismes bancaires.⁹³ Le flux de documents et de fonctions bureaucratiques indiquent la formation d'un sous-réseau technique, formé par les Représentations de la Banque Agricole chez les Succursales de la Banque Nationale : ce sous-réseau symbolise le schéma hiérarchisé du système bancaire grec pendant

⁹⁰ Banque Agricole, Circulaire administrative n° 2, décembre 1929.

⁹¹ Banque Agricole, Circulaire administrative n° 161, 3 octobre 1930.

Cf., également: Archives Historiques de la Banque Nationale, Série : Direction du Crédit Agricole, sous-série: Succursales, dossier 2 : Représentation de la BAG à Egion, rapport de comptabilité de 13 novembre 1937.

⁹² Ainsi, la Banque Agricole autorise la Banque Nationale à réaliser les termes de la convention passée entre la BAG et l'État, selon laquelle la Banque Agricole accorderait des prêts à court terme aux agriculteurs de la Crète touchés par les inondations. Selon les directives que la Banque Agricole adresse à la Banque Nationale, celle-ci devrait décider la somme prêtée à chaque agriculteur. *Cf.* Archives Historiques de la Banque Nationale, Série : Direction du Crédit Agricole, sous-série : Directives générales sur le crédit agricole, 1920-1930, copie du document de la Banque Agricole, adressé aux succursales de la Banque Nationale, datant du 21 décembre 1929.

⁹³ *Cf.* les circulaires administratives de la Banque Agricole (1930-1931), où par exemple est décrite la politique des Directeurs des Maisons de la Banque Nationale à retenir par la somme prêtée à un agriculteur au nom de la Banque Agricole, ses dettes provenant d'un prêt contracté précédemment avec la Banque Nationale.

l'entre-deux-guerres et particulièrement la prédominance de la Banque Nationale, au sein de laquelle surgissent les cadres et les pratiques qui ravitaillent les nouvelles institutions bancaires, non seulement de la Banque Agricole mais aussi de la Banque de Grèce qui, rappelons-le, est une banque étatique en contraste avec la Banque Nationale, cette dernière étant jusqu'en 1928 une entité commerciale mais avec le privilège d'émission des billets de banque. Or, les administrateurs de la BAG favorisent la création de ses propres locaux pour éviter les représentations peu avantageuses chez les succursales de la Banque Nationale. D'ailleurs le gouvernement de Venizélos (de son mandat dès 1928 à 1932) a commencé, quelques mois après le début des activités de la Banque Agricole en 1929, à envisager son fonctionnement de façon indépendante. On a déjà remarqué que l'arrivée de la crise économique en Grèce a interrompu cette évolution organisationnelle.

C'est à partir de 1936 que la Banque met à l'essai la conversion globale de ses Représentations dans la Banque Nationale, en succursales appartenant directement à la Banque Agricole. Presque toutes les nouvelles Maisons, créées durant les années 1937 et 1938, étaient auparavant des Représentations. Le développement du réseau de la Banque traduit, ainsi, l'augmentation du nombre de ses succursales et de ses agences. Le transfert d'activités du crédit agricole de la Représentation de la BAG au sein de la Banque Nationale, à sa propre succursale, s'effectue selon une procédure précise suivie dans l'ensemble des cas : un protocole de remise et de réception de la Représentation est signé par les deux parties, suivi quelquefois par un registre du matériel livré à la Banque Agricole. De même, le jour de la signature de ce protocole le dédommagement des employés de la Banque Nationale, payés pour les services rendus à la Banque Agricole, fut suspendu.⁹⁴ En guise de conclusion, on note que la Banque Agricole a progressivement été libérée du patronage de la Banque Nationale, ce qui illustre le renforcement de ses possibilités de survivre de façon indépendante. L'existence autonome d'une banque, spécialisée dans le crédit agricole, prouve son dynamisme au sein du secteur bancaire grec, car elle s'intègre assez énergiquement dans ce système.⁹⁵

C'est par conséquent la dictature royaliste de Ioannis Métaxas (imposée en août 1936) qui a suivi une tactique favorable à la fondation parsemée de succursales, stratégie qu'il convient

⁹⁴ Pour cette procédure cf. Archives Historiques de la Banque Nationale, Série: Direction du Crédit Agricole, Dossier: Éléments sur la remise et la réception des Représentations de la Banque Agricole. Au document qui accompagne le protocole concernant la remise de la Représentation à Almyros (Thessalie) nous lisons: *Nous vous confirmons que la remise a été effectuée dans une atmosphère profondément amicale, sans l'apparition d'aucun problème* (document du 9 avril 1938). Le fait qu'on souligne l'existence de cet esprit amical prouve que les relations entre les deux banques étaient assez complexes.

⁹⁵ N. Ingléssis, *Guide des sociétés anonymes*. t. II. *Les Banques grecques*. Partie A. *Rapports*, Athènes, 1939, pp. 12-13, en grec.

d'intégrer au cadre général de la protection du secteur agricole, qui a constitué un aspect principal de la politique dictatoriale jusqu'en 1940. Selon des données officielles durant le régime de Métaxas (1936-1940), 62 succursales et agences de la Banque Agricole ont été fondées, ce qui représente plus de 50% du réseau national.⁹⁶ Or, pendant cette période, les liens entre la diffusion du crédit agricole et l'économie nationale se développent : le régime vise à renforcer la production agricole et cet objectif est poursuivi par le biais des structures du crédit agricole. D'ailleurs, il englobe l'extension du mouvement coopératif⁹⁷, extension qui ne peut être perçue indépendamment de la perspective des opérations bancaires, effectuées dorénavant sur l'ensemble du territoire. En plus, le développement du réseau de la Banque Agricole, vise à soutenir la hausse du nombre d'emprunts à long et à moyen terme, dont l'octroi était réalisé après la vérification sur place de la solvabilité de l'agriculteur emprunteur, c'est-à-dire après des opérations bancaires qui présupposent l'existence d'un vaste réseau.

Dans le cadre de notre analyse de la répartition géographique des succursales de la BAG, est à mentionner que la localisation de ses succursales évoque les possibilités du crédit agricole et fait appel aux nécessités de l'économie agraire. En général, la BAG est représentée dans tous les départements du pays (Tableau 7), mais cette présence est déséquilibrée.⁹⁸ Sa plus vaste représentation est située en Macédoine et en Thrace, c'est-à-dire au nord de la Grèce où en 1939 se trouvent 37 de ses 110 succursales et agences. Ceci correspond à l'importance des cultures de tabac surtout mais aussi de blé et d'arboriculture, de cette région qui donne, en outre, une place prédominante à l'agriculture au sein de l'économie locale. D'une part, le tabac nécessite du crédit étendu, exige que la Banque tend à couvrir par des prêts sur gage de ce produit. D'autre part, la création du réseau du Nord concerne aussi l'acquittement des dettes des réfugiés grecs provenant de l'ancien Empire ottoman, installés majoritairement en Macédoine et en Thrace, comme déjà évoqué. Puisque la Banque est chargée de l'amortissement des dettes des réfugiés – provoquées par leur établissement rural –, ce facteur intervient pour définir le développement de son réseau. Revenons un instant sur l'aspect financier de l'établissement rural puisque celui-ci se trouve en relation directe avec la dilatation du réseau bancaire en Macédoine hellénique : les actes de Neuilly (1919) et de Lausanne (1923) ont imposé l'échange

⁹⁶ BAG, *L'activité d'une décennie, 1929-1939, op. cit.*

⁹⁷ Cf. pour ce sujet spécifiquement, C. Brégianni, « La utopia rural de un régimen autoritario. La política cooperativista durante la dictadura de Metaxas (Grecia, 1936-1940) », *Historia Agraria*, 42 (2007), pp. 327-351.

⁹⁸ Pourtant : *Le déséquilibre est sans doute le mot-clé qui éclaire la démarche intellectuelle de ceux qui sont chargé d'organiser un territoire* [Labasse, *L'organisation de l'espace, op. cit.*, p. 377].

des minorités ethniques, constitué d'un côté par l'exode des musulmans vers la Bulgarie⁹⁹ et surtout la Turquie¹⁰⁰, et de l'autre, par l'arrivée en Grèce des réfugiés chrétiens orthodoxes dont le nombre total s'élève à environ 1 500 000 individus. Il faut préciser que l'échange de ces populations a été volontaire selon l'acte de Neuilly, obligatoire selon l'acte de Lausanne qui concernait précisément l'ex Empire Ottoman. Il est à noter que l'installation à la Grèce du Nord de cette population chrétienne a eu des conséquences démographiques très importantes, étant donné qu'avant 1924 la communauté grecque était minoritaire dans la région¹⁰¹ (cf. annexe, Tableau 8).

Tableau 7. Fondation des Maisons par région et par an¹⁰²

	Macédoine et Thrace	Thessalie	Péloponnèse	Epire	Grèce Continentale et Eubée	Crète	Iles
1929					1		
1930	1			1		4	1
1931						1	
1932							
1933		1					
1934	3	1			1		
1935	14	1	6	1	2	1	1
1936	7	1	3		3		2
1937	4	4	10	3	3	2	2
1938	6	1	2	2	4		5
1939	2		2				1
Total	37	9	23	7	14	8	12

⁹⁹ Sur l'échange volontaire des populations entre la Bulgarie et la Grèce, suite de l'acte de Neuilly, cf. K. Karvela, *Mécanismes d'établissement des populations rurales*, Thèse de Doctorat, Université Ionienne, 2005, en grec.

¹⁰⁰ Pour ce qui concerne l'échange des populations et plus particulièrement l'exode des musulmans turcs et Slavomacédoniens cf. E. Kontogiorgi, *Population Exchange in Greek Macedonia. The Rural Settlement of Refugees 1922-1930*, Oxford Historical Monographs, Oxford, Clarendon Press, 2006, pp. 55-70, 193-236.

¹⁰¹ Les effets de la Guerre sur la composition ethnique de la population sont décrits par : A. A. Pallis, «Les effets de la guerre sur la population de la Grèce», in A. Andréadés, D. Charitakis et al., *Les effets économiques et sociaux de la Guerre en Grèce*, Paris/New Haven, PUF/Yale University Press, 1928, pp. 136-150. Selon les chiffres cités dans cette étude, en 1912 le pourcentage de la population grecque en Macédoine était limité à 42,6 % de la population totale, tandis qu'en 1926 les Grecs s'élevaient à 88,3%.

¹⁰² Source des Tableaux 6 et 7 : Archives Historiques de la Banque Agricole de Grèce/Archives Historiques de PIOP [désormais Archives Historiques de la BAG], Circulaires administratives, volumes des années 1930-1939.

L'établissement rural et urbain de ce nombre important de réfugiés, dont une grande partie était d'origine rurale, nécessita l'intervention du gouvernement grec, avec l'aide des capitaux internationaux.¹⁰³ Les familles de réfugiés ont été établies aux terres abandonnées par leurs anciens propriétaires ottomans en Macédoine et en Thrace, mais aussi aux grandes propriétés foncières grecques obligatoirement expropriées (y compris celles de la Thessalie).¹⁰⁴ Pareillement, cette démarche a accéléré l'accession à la propriété pour les agriculteurs autochtones dépourvus de terre. Comme on l'a déjà remarqué, l'ensemble de dettes liées à l'établissement – rural et urbain – des réfugiés a été transféré en 1930, après la dissolution de l'Office Autonome, à la Banque Agricole : en 1936, la somme totale de ces dettes s'éleva à environ 2,4 billions de drachmes, divisée en 167 079 agriculteurs endettés, dont les 1,5 billions correspondent à la Macédoine hellénique et la Thrace.¹⁰⁵ Ainsi, on remarque que l'établissement rural des réfugiés, qui a eu lieu essentiellement dans ces régions, a nécessité l'agencement d'un vaste réseau bancaire destiné à surveiller l'acquittement des dettes, mais aussi d'assurer l'approvisionnement en matériel rural des exploitations récemment créées. Par conséquent, l'intervention de la SDN via l'Office Autonome des Réfugiés a fini par créer des nouvelles institutions au niveau local, de changer même les structures économiques de la région.

L'autre pôle qui réunit un grand nombre de succursales et des agences est le Péloponnèse, dont l'importance pour l'économie agricole repose sur la culture des produits commercialisés et sur sa participation ininterrompue aux structures du marché monétaire. La familiarisation avec le crédit, pratiqué dès le XIX^e siècle, soit sous la forme de l'usure soit sous la forme de prêts accordés par la Banque Nationale¹⁰⁶, a créé ici des conditions favorables pour une intégration plus aisée d'un vaste réseau bancaire. Néanmoins, malgré la prolifération du crédit institutionnel durant l'entre-deux-guerres, il semble que les réseaux usuriers ont continué à occuper une place très considérable dans le marché du crédit.¹⁰⁷ Le fait qu'en 1936 les dettes totales des agriculteurs péloponnésiens vers les crédateurs privés s'élèvent en 1 500 000 000 drachmes, tandis que celles dues à la Banque Agricole représentaient un tiers de cette somme¹⁰⁸,

¹⁰³ Cf. infra.

¹⁰⁴ Cf. analytiquement sur ce sujet, Brégianni, « Réformes agraires et changement rural », *op. cit.*

¹⁰⁵ Alivizatos, « Le règlement des dettes agricoles », *Bulletin de la Banque Agricole, op. cit.*, p. 123, 129.

¹⁰⁶ Pour l'exercice du crédit agricole dans le Péloponnèse du XIX^e, cf. T. Kalaphatis, *Crédit agricole et transformation économique dans le Péloponnèse du Nord. Egialia, fin du XIX^e siècle*, t. III, *Système de crédit, économie et société*, Athènes, MIAETE, 1990, passim, en grec.

¹⁰⁷ Cf. C. Brégianni, « Economie et société au Péloponnèse du Sud. Les réseaux du crédit agricole durant les années 30 », éd. G. Karakatsianis, *Péloponnèse du Sud*, Athènes, Alfeios, 2009, pp. 103-126, en grec.

¹⁰⁸ B. Alivizatos, « Le règlement des dettes agricoles », *Bulletin de la Banque Agricole, op. cit.*, p. 129.

démontre que la population locale n'avait qu'un accès assez limité au marché officiel du crédit. Outre des conséquences économiques, ce phénomène a eu des répercussions sociales, notamment sur la structure des sociétés rurales.

En général, on constate que tant en Macédoine que dans le Péloponnèse, la Banque avait créé des succursales dans des bourgs ou des villages moins importants sur le plan économique et démographique, tandis que dans d'autres départements la pratique commune était de fonder ses Maisons au chef-lieu de chaque préfecture ou de chaque sous-préfecture. Les éléments du Tableau 7 montrent l'activation de la Banque Agricole pendant les années 1935-1939 dans ce domaine, ainsi que sa politique d'expansion territoriale. En effet, le réseau bancaire – étant un agencement technique de l'espace – cristallise ces deux types de développement rural, qui trouvent leur incarnation d'une part en Macédoine grecque et de l'autre dans le Péloponnèse. Les petites exploitations des réfugiés récemment établis en Macédoine et leurs analogues péloponnésiennes – celles-ci formées vers le dernier quart du XIXe siècle suite à la première réforme agraire et orientées vers la culture des produits commercialisés –, représentaient aussi deux étapes différentes du processus de formation nationale.

C'est ainsi que la Banque Agricole dispose à la fin des années 1930 d'un réseau réunissant 110 Maisons. Au cours de la même période, la Banque Nationale, organisme dont la fondation remonte à environ un siècle, disposait (en 1939) 98 Succursales.¹⁰⁹ Cette mobilité de la BAG est liée à la nécessité d'assurer au crédit agricole la plus large diffusion possible dans l'espace, mais elle traduit aussi le dynamisme de l'organisme nouvellement créé. Le caractère étatique de la Banque, et par conséquent le soutien dont elle bénéficie au sein de l'État, a naturellement contribué à sa rapide expansion géographique. Par ailleurs, on doit noter que contrairement à la Banque Agricole, qui créait ses succursales et ses agences pratiquement partout dans la campagne grecque, la Banque Nationale favorisait la création des succursales dans les villes principales de chaque préfecture. La BNG, en mettant l'accent sur son caractère commercial et « cosmopolite », aspire à poursuivre l'extension de son réseau au-delà du territoire grec.¹¹⁰ En même temps, un simple regard sur le registre des Succursales de la Banque Nationale¹¹¹ montre

¹⁰⁹ Z. Synodinos, « Registre des succursales fondées par an de la Banque Nationale 1842-1988 », *Emis ké i Trapéza*, 21 (1989), p. 53, en grec.

¹¹⁰ Par exemple, quand la Grèce intègre à son territoire l'Asie Mineure (1919-1922), la Banque Nationale y inaugure une succursale, dans l'objectif de renforcer la présence grecque et de soutenir financièrement le Commissariat de Smyrne. Une telle activité montre les liens entre la politique nationale et la BNG. Cf. Th. Vérémis, K. Kostis, *La Banque Nationale en Asie Mineure 1919-1922*, Athènes, Fondation Culturelle de la BNG, 1984, chap. « L'économie de Smyrne et la création de la Succursale de la BNG », p. 54 et seq., en grec.

¹¹¹ Synodinos, *loc. cit.*

Pour plus des informations sur la politique de fondation des Maisons par la Banque Nationale cf. Archives Historiques de la Banque Nationale de Grèce, Série : Archives des Services Techniques, Archives personnelles de

que cet organisme a développé un tissu dense qui assurait une présence importante à Athènes, et surtout dans son centre commercial. *A contrario*, la Banque Agricole se contente d'une seule Maison athénienne, celle de son siège central. On constate ainsi deux types de développement très différents, correspondant à l'activité diversifiée que chaque Banque adopte : le crédit agricole s'attache à la clientèle de provenance rurale, à laquelle la Banque Agricole s'adresse, en créant des Maisons partout à la campagne. Pour la Banque Nationale et ses activités beaucoup plus spécialisées, ce qui compte le plus c'est l'économie urbaine, tandis qu'au XIX^e siècle la structuration de son réseau se développe autour de son privilège d'émission. Or, des institutions bancaires peuvent avoir des stratégies de développement et d'orientation variables, dans une conjoncture économique par ailleurs identique.¹¹² En outre, la différenciation des mécanismes et des stratégies bancaires s'est inscrite sur le langage symbolique des représentations architecturales. Ainsi, le caractère d'utilité publique de la Banque Agricole, son financement par des capitaux étatiques et internationaux, mais aussi le fait que sa clientèle appartient aux couches pauvres de la population, lui imposent de projeter une apparence extérieure modeste. Donc, le choix politique concernant la prolifération de son réseau s'accompagne d'une stratégie de construction d'édifices bancaires confortables mais simples : *Son Service Technique a rédigé un projet d'application s'adaptant aux besoins de la Banque et correspondant au caractère de ses activités. Ainsi, il a été approuvé que la Banque doive se représenter par des édifices simples mais convenables. L'apparence luxurieuse des Maisons de la Banque Agricole devrait être exclue.*¹¹³ Ainsi, la forme architectonique conventionnelle prétend condenser le consensus social autour d'une institution économique. Une autre forme architecturale est suivie par la Banque Nationale qui malgré la suppression de son privilège d'émission en 1928, continue dans l'entre-deux-guerres à représenter un pôle très important du système bancaire grec, en relation toujours avec le mécanisme étatique. Ainsi, de vastes travaux techniques de la BNG durant les années vingt et trente démontrent une institution en pleine activité, dont les édifices volumineux ont l'intention de traduire sa prospérité financière, alors que les éléments néoclassiques de ses succursales athéniennes et provinciales mettent en évidence la continuité historique de la Banque.¹¹⁴ Or, le langage architectural reproduit le

I. M. Issigonis, Sous-série : Travaux dans les Maisons de la Banque Nationale (constructions, réparations), 1926-1960.

¹¹² Cf. J. Bouvier, *Un siècle de banque française, les contraintes de l'État et les incertitudes des marchés*, Paris, Hachette, 1973, p. 35.

¹¹³ BAG, *L'activité d'une décennie, 1929-1939*, op. cit.

¹¹⁴ Cf. C. Brégianni, «Images des banques grecques de l'entre-deux-guerres», *Bulletin de l'Association Hellénique des Banques*, (1999/2), p. 83-86, en grec.

caractère différent des deux banques, ce qui était notable également au niveau de l'aménagement de leurs réseaux.

En outre, il est à noter que la prolifération des réseaux bancaires dans la campagne, a entraîné un contrôle plus intense de la population, puisque la circulation de l'information a été assurée via les canaux bancaires. L'exemple le plus éloquent sur ce point est la poursuite des arrérages bancaires. Ainsi, quand la crise agraire amplifiait l'endettement de la campagne, les agriculteurs étaient souvent menacés de saisie ou encore d'arrestation. L'intervention de l'appareil étatique auprès de deux Banques, Agricole et Nationale, se fait souvent en faveur des endettés : [il semble que] *la Succursale d'Édesse ait émis plusieurs mandats d'arrêt contre des agriculteurs désespérés. Auront bientôt lieu des arrestations, touchant des agriculteurs privés du pain quotidien.*¹¹⁵ Ou encore : *La Banque Agricole a effectué plusieurs saisies dans notre région. Un très grand nombre d'agriculteurs se sont vus saisir leurs animaux de trait ...*¹¹⁶ Il est évident que la dépendance administrative de la Banque Agricole par la Banque Nationale, décrite ci-dessus, a durci la gestion de l'endettement rural ; c'est ce qui ressort non seulement des documents d'archives auprès justement de la BNG, mais aussi de la continuité des pratiques bancaires mises en œuvre pendant la période où celle-ci exerçait officiellement le crédit agricole (1923-1929).¹¹⁷

Les types des Maisons

Les circulaires administratives de la BAG concernant la fondation des succursales, ainsi que les documents afférents de caractère administratif reflètent le statut diversifié des Maisons fondées.¹¹⁸ Dans d'autres termes, la dimension de chaque nouvelle Maison est analogue à l'importance économique de la ville, où elle est créée. Par conséquent, on repère trois types différents de Maisons: les Succursales, créées – généralement mais pas toujours – dans le chef-lieu de chaque préfecture; les Agences, fondées dans les villes moins peuplées, et dans les capitales des sous-préfectures; et les Bureaux, créés dans les bourgs ou encore dans les villages. Les pièces administratives de la Banque témoignent de la dépendance des Agences et des Bureaux par la Succursale de chaque région (cf : index en annexe). Par ailleurs, celle-ci n'est

¹¹⁵ AHBNG, Série : Direction du Crédit Agricole, Dossier : Service du Crédit Agricole, télégramme du Gouverneur Drossopoulos à la Succursale d'Édesse, 20-11-1930.

¹¹⁶ AHBNG, Série : Direction du Crédit Agricole, Dossier : Correspondance avec divers ministères, Rapport de la préfecture de Kavala au ministre des finances, 16-12-1932.

¹¹⁷ Brégianni, *Les banques, l'agriculture et l'Etat*, op. cit., p. 98- 108.

¹¹⁸ Archives Historiques de la BAG, Série: Archives des Succursales, Dossier : Fondation des Maisons en Thrace, 1935-1938.

pas toujours fondée dans la capitale administrative de la préfecture. On remarque certains cas où une agence est créée dans le chef-lieu, tandis que la succursale principale siège dans la ville la plus importante sur le plan de l'économie agricole locale.¹¹⁹ Parallèlement, la localisation d'une zone secondaire d'agences et de bureaux se reflète dans la nomination de cadres moyens à leur direction. Selon les informations fournies par les circulaires administratives¹²⁰, seules les Succursales sont dirigées par des employés appartenant à l'échelon supérieur du personnel de la BAG, alors que les agences ou les bureaux sont administrés par des cadres moyens ou même subalternes. Ces cas démontrent les limites à l'évolution hiérarchique du personnel, en évoquant – dans le cadre de l'organisation pyramidale d'un organisme bureaucratique – les difficultés à dépasser la ligne de démarcation qui sépare les cadres supérieurs.

On envisage un réseau hiérarchisé, dont les croisements principaux véhiculent les directives centrales de la politique bancaire et assurent le fonctionnement de l'intégralité du réseau. Accessoirement, les points les moins importants servent à faciliter la communication entre le centre administratif et les segments linéaires du réseau. En effet, la dépendance des agences secondaires d'une succursale, qui surveille toutes les activités régionales de la Banque, facilite la circulation de l'information tant en permettant le contrôle des employés par l'administration centrale.

L'interaction : la fondation des Maisons

La procédure suivie par la BAG en ce qui concerne la formation de ses réseaux régionaux est bien illustrée par le cas de la fondation des succursales et agences en Thrace.¹²¹ Il s'agit de la création des succursales des villes de Didymotichon et de Komotini, et des agences de la ville d'Alexandroupolis, Oréstias et de la petite ville de Sappès. Ces maisons constituent une unité périphérique de la Banque qui forme pour ainsi dire un sous-réseau. L'Agence d'Oréstias dépend administrativement de la Succursale de Didymotichon; les Agences d'Alexandroupolis et de Sappès dépendent de l'Agence de Komotini. Selon les documents d'archives, un Inspecteur de la Banque Agricole est chargé du travail nécessaire pour la création de ces Maisons. La méthode suivie est identique dans tous les cas étudiés. Dans toutes les villes où il

¹¹⁹ Cf. le cas de l'Agence de Kalamata (chef-lieu de la préfecture de Messénie) qui dépend de la Succursale de la BAG à la ville Messine, centre agricole de cette périphérie.

¹²⁰ Archives Historiques de la BAG, Série: Administration, Circulaires administratives de la BAG, concernant la fondation des Maisons, 1929-1939.

¹²¹ Archives Historiques de la BAG, Série: Archives des Succursales, Dossier : Fondation des Maisons en Thrace, 1935-1938.

y avait Représentation de la Banque Agricole à la succursale de la Banque Nationale, l'Inspecteur devient le responsable, après avoir décrété et signé le Protocole de remise et réception de service, avec le directeur de la Banque Nationale locale. Ensuite, il s'occupe de la création de la nouvelle succursale, en se référant directement au Sous-gouverneur de la Banque G. Trakakis.¹²² La première préoccupation de l'Inspecteur est alors la recherche d'un bâtiment convenable pour l'installation de chaque nouvelle succursale. Dans les cinq cas étudiés, les facteurs décisifs pour le choix du bâtiment sont sa place centrale, le voisinage avec la Banque Nationale, ses salles confortables, la prise en charge du coût des modifications nécessaires, parmi lesquelles l'installation électrique, par le propriétaire et bien sûr son prix avantageux. En général, on se confondra à l'instruction administrative selon laquelle le fonctionnement des succursales provinciales devrait se mettre en place avec un esprit d'économie stricte.¹²³ En ce qui concerne le loyer, les instructions (inscrites dans la correspondance entre le Sous-gouverneur Trakakis et l'Inspecteur) sont tout à fait claires : l'Inspecteur doit essayer de diminuer au *maximum* le prix de la location.¹²⁴

Le prochain pas est le choix du personnel.¹²⁵ Les demandes de candidats s'adressent à l'Inspecteur ou au directeur de la Succursale centrale de la région (c'est-à-dire celle de Komotini). Par la suite, l'Inspecteur rédige un Rapport qu'il adresse à l'Administration de la Banque, signalant les informations principales sur les candidats : leur niveau d'études, leur situation familiale, leur place au sein de la société locale et leur expérience professionnelle. Il paraît que l'intervention des pouvoirs locaux au niveau de l'engagement du personnel de la BAG ne soit pas sans importance. Ainsi, les députés de la région ou des Associations politiques recommandent l'un ou l'autre candidat, en s'adressant directement à la haute Administration de la BAG. Selon les indices fournis par la correspondance officielle entre l'Inspecteur de la Banque et le Sous-gouverneur Trakakis¹²⁶, le choix final du personnel est influencé par les recommandations de ces réseaux politiques régionaux. L'intervention des facteurs politiques

¹²² En outre, le facteur individuel démontre la succession institutionnelle : ainsi, G. Trakakis, le premier Sous-gouverneur de la Banque Agricole, était l'ex-Directeur du Service du Crédit Agricole auprès de la Banque Nationale (1923-1929), ayant énergiquement réagi en 1928 contre la fondation d'une Banque Agricole autonome.

¹²³ Archives Historiques de la BAG, Circulaire administrative 201, 6-12-1930.

¹²⁴ Cf. les directives de l'administration centrale de la Banque, pendant la création du réseau des succursales en Thrace. Archives Historiques de la BAG, Série : Archives des succursales, Dossier : Fondation des Succursales en Thrace, 1935-1938.

¹²⁵ Pour les critères concernant la sélection du personnel de la Banque Agricole, cf. C. Brégianni, *Les mécanismes bancaires et l'Etat. Les cas de la Banque Agricole*, Athènes, Archives Historiques de la BAG, 1995, texte dactylographié, pp. 160-172, en grec.

¹²⁶ Cf. par exemple, la lettre du Sous-gouverneur G. Trakakis à l'Inspecteur à Didymotichon, datant du 4 août 1935, où il demande l'engagement d'une dactylo originaire de la région.

locaux dans l'organisation interne de la Banque relève de leur interaction avec le pouvoir politique central et aussi de leur influence sur le mécanisme administratif du pays. Ces interventions montrent que les élites (bureaucratiques, politiques ou autres) fonctionnent comme des intermédiaires en ce qui concerne l'exercice du pouvoir central sur la périphérie. Or, le réseau d'une institution économique fonctionne également comme un mécanisme d'intégration, non seulement économique mais aussi politique, quant à l'espace rural.

Donc, la stratégie de la Banque de déployer rapidement son réseau s'articule à l'agencement symbolique de la population rurale : Nous *souhaitons que notre Banque, ce foyer de l'Agriculteur –comme il était caractérisé par notre Gouverneur–, puisse obtenir sa propre maison à chaque village éloigné, où les mains fatiguées de l'agriculteur grec ouvrent les entrailles de la terre afin qu'il obtient ses trésors. Les domiciles de la Banque Agricole représenteront les symboles constants de la force et de la prospérité des cultivateurs de la terre grecque, créateurs d'ailleurs de la Patrie Grecque.*¹²⁷ Une corrélation directe se développe entre la Banque Agricole, les cultivateurs de la terre, et la constitution de la patrie : cette jonction est remplie de symboles, puisqu'elle indique tant la place prépondérante de l'agriculture au sein de l'économie grecque que le rôle réservé à la BAG dans le processus de développement rural, dans sa dimension tant économique que sociale. En fin, le fait que le modelage des réseaux bancaires de l'entre-deux-guerres fait appel à la liaison directe des banques au mécanisme étatique, démontre que le rôle primordial du banquier est dorénavant éclipsé en faveur du dynamisme des institutions.

V. *Conclusions : réseaux économiques et réseaux sociaux*

L'étude des aspects morphologiques du réseau bancaire montre les dissemblances au niveau local ; la réforme agraire a créé des canaux économiques qui absorbent les capitaux bancaires dans le but d'assurer la survie des agriculteurs. Parallèlement, la monétarisation vise à la protection des cultures d'une grande valeur commerciale telle que le tabac. En plus, la préexistence des banques agraires en Thrace et Macédoine et en Crète a rendu plus facile la formation d'une nouvelle structure périphérique par la Banque Agricole. En même temps, le noyau de la petite propriété agricole qui persiste au Péloponnèse rend également ce dernier l'objet d'une forte densité du réseau bancaire, rassemblant, en 1939, 23 Maisons succursales et

¹²⁷ « Les origines de l'application de la politique de la Banque Agricole, par rapport à ses établissements », *Bulletin de la Banque Agricole*, 4.4 (1939), p. 488, en grec.

agences. Le réseau de la Banque peut être, alors, perçu comme un agencement de sous-réseaux, formés non seulement en jonction des priorités administratives, mais aussi selon des objectifs économiques. En guise de première conceptualisation, il peut être noté que l'organisation de l'espace rural ou semi-rural par l'institution bancaire anticipe l'effort de la modernisation en canalisant le financement de l'agriculture : le réseau bancaire dans sa fonction du réseau technique suit l'évolution économique, mais simultanément multiplie les conséquences de la monétarisation. A ce point, on doit ajouter le rôle complémentaire que les coopératives agricoles jouent, formant à leur tour un réseau technique parallèle mais toujours dépendant par la BAG. Cette articulation des réseaux reflète un espace uniforme des relations économiques et sociales entièrement dominé par l'État¹²⁸ : celui-ci n'est pas seulement la référence symbolique pour le monde de la campagne mais aussi le créateur de ses réalités.

Ces réseaux, qui visent à l'administration de l'économie agricole et à l'agencement de la population rurale, n'ont pas moins de répercussions sociales ; ils provoquent une suite des effets sociaux, ce qui constitue, d'ailleurs, une preuve de leur dynamisme. La densité de ce tissu administratif renvoie à la centralisation de l'institution bancaire, et donc au contrôle exercé sur la population rurale : d'ailleurs, l'impact négatif de la crise économique a provoqué une agitation politique à la campagne, dont l'apaisement a été mis en œuvre par le système politique de l'entre-deux-guerres *via* la monétarisation et la consolidation des mécanismes étatiques.

En effet, le réseau technique provoque la création ou plutôt la concrétisation d'un réseau social : comme on l'a déjà mentionné, les mécanismes du crédit entraînent la formation d'un groupe social en interaction avec la population rurale. Il s'agit des employés de la Banque. Des cadres de fonctions parallèles, tels les agronomes du Ministère de l'Agriculture et les employés dans les coopératives agricoles, composent des branches du même réseau, ayant tant de rôles sociaux que de fonctions techniques. *A priori*, ce réseau social est parallèle au réseau technique, en d'autres termes au réseau officiel, surveillé par l'État. Pourtant, le cas de la fondation des succursales en Thrace, ainsi que la recherche basée sur les dossiers personnels des employés et les documents provenant des archives privées du Gouverneur K. Gontikas¹²⁹, démontrent que le facteur humain, impliqué dans l'administration du secteur rural, ne répond pas toujours aux directives centrales. L'individualisme, l'idéologie politique, l'intériorisation subjective du plan bureaucratique interviennent pour créer, dans certains cas, un antagonisme par rapport à l'aspect

¹²⁸ M. Gribaudo, « Avant-propos », éd. idem, *Espaces, temporalités, stratifications, op. cit.*, p. 33.

¹²⁹ Il s'agit de l'élaboration de la correspondance du Gouverneur –jusqu'en 1935– Costadin Gontikas, durant les mois juillet 1931-juillet 1932. Archives Historiques de la BAG, Archives privées de Costadin Gontikas, D. 51-63.

officiel du crédit agricole. La centralisation mise en place dans la création du réseau de la Banque, vise, justement, à anéantir ces antagonismes, formant, selon l'esprit des circulaires administratives, un aspect « pur », moral et paternaliste pour l'ensemble de l'organisme. En plus, les réseaux politiques locaux assurent la reproduction de l'idéologie dominante, consolidant sa canalisation vers l'espace rural. Les archives bancaires ne fournissent point d'informations sur le profil de l'autre section de ce réseau social, les agriculteurs-clients de la Banque. On retient seulement le profil imaginaire de l'agriculteur idéal: *Les agriculteurs doivent se concentrer sur leurs cultures ... Les agriculteurs doivent s'abstenir de jouer aux cartes, et ils doivent aussi être indifférents aux discours de certains individus menaçants ... Les agriculteurs doivent se priver de prodigalité et de dépenses inutiles... il faut quand même savoir que la bière et les alcools ne sont point adaptés à la personnalité de l'agriculteur honnête...*¹³⁰

L'institutionnalisation du crédit agricole vers la fin des années 1920 a un rapport direct avec l'établissement rural des réfugiés arrivés de l'Asie Mineure, comme on l'a déjà mentionné. Malgré le fait que les documents examinés concernent la fondation de succursales en Thrace, c'est à dire d'une région où s'installe une grande partie des réfugiés, ces sources ne font pas mention de l'origine des candidats qui postulent auprès de la Banque Agricole.¹³¹ Le rapport entre la Banque Agricole et l'établissement des réfugiés, dont elle gère le financement, aurait pu provoquer son rapprochement avec la population établie. Néanmoins, les documents bancaires ne témoignent pas d'une telle liaison : ceci constitue une preuve supplémentaire du caractère centralisateur de la Banque Agricole, ainsi qu'un indice pour la création d'un réseau parallèle par les réfugiés, qui évitaient de s'adresser directement aux mécanismes étatiques grecs.

Il s'agit, peut-être, d'un anti-réseau social, dans la périphérie de la politique agricole officielle, reflétant la nouvelle situation dans la campagne après l'établissement des réfugiés. Aux antipodes de ce réseau se trouvent les structures bancaires précédentes : on peut considérer la Banque Nationale comme un réseau technique opposé à celui de la Banque Agricole, puisque cette dernière incarne une perception modernisatrice vis-à-vis l'organisation de l'espace économique rural. Malgré le fait que certains cadres de la Banque Nationale ont été chargés de fonctions supérieures chez la Banque Agricole, malgré le fait que cette dernière a été présentée

¹³⁰ *La Banque Agricole de Grèce aux agriculteurs, aux coopératives agricoles et à leurs unions*, Athènes, septembre 1929, p. 5

¹³¹ De même, les archives privées du gouverneur K. Gontikas, qui concernent un nombre considérable de candidatures, démontent l'origine des candidats des anciennes provinces grecques. Cf. Archives Historiques de la BAG, Archives privées de C. Gontikas, D. 51-63.

comme le successeur de la BNG, on ne pourrait ignorer que les objections suscitées par sa création traduisent la dichotomie opérée au sein du système bancaire. Bien que la position « moderniste » des sources bancaires soit prise, leur multiplicité dépeint un système d'anti-réseaux qui prend ses distances par rapport à l'organisation institutionnelle du crédit agricole. En qualité d'antagonistes du système on peut considérer la Banque Nationale et, sous une perspective toute différente, la partie de la population qui ne participe pas directement aux structures du crédit agricole ; les usuriers, enfin, qui continuaient à exercer les fonctions du crédit non officiel.

La description morphologique du réseau bancaire a permis de tracer un réseau technique, sectionnée en sous-réseaux périphériques, sur lesquels se repose le réseau « adjoint » des coopératives agricoles. L'organisation de l'espace englobe le concept d'agencement de la population rurale, ce qui renvoie à la création de réseaux sociaux, fonctionnant soit comme subordonnés soit comme antagonistes du réseau principal. Il est, d'ailleurs, évident que ces fonctions peuvent s'entrecroiser. Par conséquent, le cas de la Banque Agricole examiné reflète l'interférence des réseaux, sociaux et économiques, principaux et secondaires, faisant une abstraction sur la mosaïque de la société rurale.

ANNEXE

Tableau 8¹³²

Population de Macédoine hellénique en 1912		
	Nombre	Pourcentage
Grecs	513 000	42
Musulmans (turcs, albanais, tsiganes)	475 000	39
Bulgares	119 000	9
Divers (juifs, valaques, étrangères)	98 000	8.2
Total	1 205 000	100

Population de Macédoine hellénique en 1926		
	Nombre	Pourcentage
Grecs	1 277 000	88,3
Musulmans (turcs,	2 000	0,1

¹³² Source : Pallis, 1928, *op. cit.*

albanais, tsiganes)		
Bulgares	77 000	5,3
Divers (juifs, valaques, étrangères)	91 000	6.3
Total	1 447 000	100

Tableau 9. Formation du réseau de la Banque Agricole, pendant les années 1930

AN	VILLE	TYPE	DÉPENDANCE	ORGANISME PRÉEXISTANT
1929	Athènes	Maison Centrale		
1930	Canée en Crète	Succursale		Caisse Autonome de Crète d'Intérêt Public
1930	Iraklion en Crète	Succursale		Caisse Autonome de Crète d'Intérêt Public
1930	Réthymnon en Crète	Succursale		Caisse Autonome de Crète d'Intérêt Public
1930	Agios Nicolaos	Succursale		Caisse Autonome de Crète d'Intérêt Public
1930	Salonique en Macédoine	Succursale		
1930	Mytilène - île Dodécannèse	Succursale		Banque de Crédit Agricole de Mytilène
1930	Ioannina en Epire	Succursale		
1931	Vamos en Crète	Succursale		Caisse Autonome de Crète d'Intérêt Public
1933	Larissa en Thessalie	Succursale		
1934	Serrés en Macédoine	Succursale		
1934	Xanthie en Macédoine	Succursale		
1934	Drama en Macédoine	Succursale		
1934	Agrinio en Grèce Continentale	Succursale		Représentation de la BNG

1934	Karditsa en Thessalie	Succursale		Représentation de la BNG
1934	Xylocastro dans le Péloponnèse	Succursale		
1935	Kavala en Macédoine	Agence		
1935	Eleftheroupoli en Macédoine	Succursale	Agence de Kavala	Représentation de la BNG
1935	Tripoli dans le Péloponnèse	Succursale		.
1935	Lamia en Grèce Continentale	Succursale		Représentation de la BNG
1935	Didymoticho en Thrace	Succursale		Représentation de la BNG
1935	Corfou- île ionienne	Succursale		Organisation Autonome de Crédit Agricole de Corfou
1935	Argos dans le Péloponnèse	Succursale		Représentation de la BNG de Nauplie
1935	Méssologhi en Grèce Continentale	Bureau permanent	Succursale d'Agrinion	
1935	Komotini en Thrace	Succursale		Représentation de la BNG
1935	Soufli en Thrace	Agence	Succursale d'Didymoticho	Représentation de la BNG
1935	Siteia en Crète	Agence	Succursale d'Agios Nicolaos	Représentation de la BNG
1935	K. Nevrokopi en Macédoine	Agence	Succursale de Drama	
1935	Nikiforos en Macédoine	Agence	Succursale de Drama	
1935	Oréstias en Thrace	Agence	Succursale de Didymoticho	
1935	Megalopolis dans le Péloponnèse	Agence	Succursale de Tripoli	
1935	Prosotsani en Macédoine	Agence	Succursale de Drama	
1935	Sicyone dans le Péloponnèse	Agence	Succursale de Xylocastro	
1935	Paramithia en Epire	Agence		Représentation de la BNG à Corfou
1935	Néa Zihni en Macédoine	Agence	Succursale de Didymoticho	
1935	Alexandroupolis en Thrace	Agence	Succursale de Komotini	
1935	Trikala en Thessalie	Succursale		
1935	Pyrgos dans le Péloponnèse	Succursale		

1935	Néa Moudania en Macédoine	Agence	Succursale de Salonique	
1935	Sapés en Thrace	Agence	Succursale de Komotini	
1935	Polygyros en Macédoine	Agence	Succursale de Salonique	
1936	Méssini dans le Péloponnèse	Succursale		Représentation de la BNG
1936	Chrissoupouli en Macédoine	Agence	Agence de Kavala	
1936	Sidirokastro en Macédoine	Agence	Succursale de Serrès	
1936	Thives en Grèce Continentale	Agence		
1936	Istiaia en Eubée	Agence		
1936	Ellassona en Thessalie	Agence	Succursale de Larissa	
1936	Livadia en Grèce Continentale	Succursale		
1936	Lagadas en Macédoine	Agence	Succursale de Salonique	
1936	Kozani en Macédoine	Succursale		
1936	Nauplie dans le Péloponnèse	Agence	Succursale d'Argos	
1936	Nigrita en Macédoine	Agence	Succursale de Serrès	
1936	Chios- île de Dodécanèse	Agence		
1936	Eleftheroupoli en Macédoine	Agence	Succursale de Kozani	
1936	Kalamata dans le Péloponnèse	Agence	Succursale de Méssini	
1936	Lixouri en Céphalonie	Agence	Maison Centrale d'Athènes	
1936	Kavala en Macédoine	Succursale		Agence de Kavala
1937	Delvinaki en Epire	Agence	Succursale d'Ioannina	
1937	Ierapétra en Crète	Agence	Succursale d'Agios Nicolaos	
1937	Megara en Grèce Continentale	Agence	Service de prêtres de la Maison d'Athènes	
1937	Patras dans le Péloponnèse	Succursale		Représentation de la BNG

1937	Adritsaina dans le Péloponnèse	Agence	Succursale de Tripolis	
1937	Kalabaka en Thessalie	Agence	Succursale de Triccala	Représentation de la BNG
1937	Pylos dans le Péloponnèse	Agence		Représentation de la BNG
1937	Vérroia en Macédoine	Succursale		
1937	Moiré en Crète	Agence	Succursale d'Iraklion	
1937	Argostoli en Céphalonie	Agence		Représentation de la BNG
1937	Chalcis en Eubée	Agence		Représentation de la BNG
1937	Edesse en Macédoine	Agence	Succursale de Vérria	Représentation de la BNG
1937	Arta en Epire	Agence		Représentation de la BNG
1937	Amalias dans le Péloponnèse	Succursale		
1937	Meligalas dans le Péloponnèse	Bureau	Succursale de Méssini	
1937	Zakynthos	Agence		
1937	Karpenisi en Grèce Continentale	Agence		Représentation de la BNG
1937	Kyparissia dans le Péloponnèse	Succursale		Représentation de la BNG
1937	Sparte dans le Péloponnèse	Bureau		Représentation de la BNG
1937	Katérini en Macédoine	Agence		
1937	Préveza en Epire	Succursale		Représentation de la BNG
1937	Kalavryta dans le Péloponnèse	Agence		Représentation de la BNG
1937	Volo en Thessalie	Succursale		Représentation de la BNG
1937	Egion dans le Péloponnèse	Succursale		Représentation de la BNG
1937	Yiannitsa en Macédoine	Agence		
1937	Pharsale en Thessalie	Agence		Représentation de la BNG
1937	Tyrnavos en Thessalie	Agence	Succursale de Larissa	
1937	Krísténa dans le Péloponnèse	Agence	Succursale de Pyrgos	
1938	Lefkas	Agence		Représentation de la BNG
1938	Syros en Cyclades	Agence		Représentation de la BNG
1938	Kastoria en Macédoine	Agence		

1938	Ghythio dans le Péloponnèse	Agence		Représentation de la BNG
1938	Argos Orestiko en Macédoine	Bureau	Agence de Kastoria	
1938	Igoumenitsa en Epire	Agence	Succursale de Corfou	
1938	Konitsa en Epire	Bureau	Succursale d'Ioannina	
1938	Florina en Macédoine	Agence		Représentation de la BNG
1938	Kymi en Eubée	Agence		Représentation de la BNG
1938	Amphissa en Grèce Continentale	Agence		Représentation de la BNG
1938	Almyros en Thessalie	Agence		Représentation de la BNG
1938	Kilkis en Macédoine	Agence		Représentation de la BNG
1938	Arnéa en Macédoine	Agence	Succursale de Salonique	
1938	Nafpactos en Gr. Continentale	Agence		Représentation de la BNG
1938	Pirée	Département		
1938	Samos- île Dodécannèse	Agence		Représentation de la BNG
1938	Gargaliani dans le Péloponnèse	Agence	Succursale de Kyparissia	
1938	Naxos en Cyclades	Agence		
1938	Lemnos- île Dodécannèse	Agence		Représentation de la BNG
1938	Samothrace- île en Macédoine	Bureau	Agence d'Alexandroupolis	
1939	Ptolémaïda en Macédoine	Agence	Succursale de Kozani	Représentation de la BNG d'Amydaio
1939	Grévéna en Macédoine	Agence		
1939	Pôros – île en Grèce Continentale	Agence		
1939	Scala Lakonias dans le Péloponnèse	Agence		
1939	Filiatra, Péloponnèse	Agence		

Index : Dépendance administrative des Maisons (par ordre alphabétique).

Siège central à Athènes ↔ Agence de Lixouri [île ionienne]. Agence de Mégara. Agence de Naphaktos [Grèce Continentale]

Succursale d'Agios Nikolaos [Crète] ↔ Agence d'Iérapétra

Succursale d'Agrinion [Grèce Continentale] ↔ Bureau permanent de Mésologie

Succursale d'Argos [Péloponnèse] ↔ Agence de Nauplie

Succursale de Corfou [île ionienne] ↔ Agence de Igouménitsa [Épire]

Succursale de Didymoticho [Thrace] ↔ Agence d'Oréstias. Agence de Soufli. Agence de Néa Zichni

Succursale de Drama [Macédoine] ↔ Agence de Prosotsani. Agence de Nikiforos. Agence de Kato Névrokopi.

Succursale d'Ioannina [Épire] ↔ Bureau de Konitsa. Agence de Délvinaki

Succursale de Iraklion [Crète] ↔ Agence de Miré.

Succursale de Kavala [Macédoine] ↔ Agence de Crisoupolis. Bureau d'Eléphthéroupolis.

Agence de Kastoria [Macédoine] ↔ Bureau de Argos Oréstikon

Succursale de Komotini [Macédoine] ↔ Agence de Sappès. Agence d'Aléxandoupolis ↔ Bureau de Samothrace

Succursale de Kozani [Macédoine] ↔ Agence de Ptolémaïda. Agence d'Eléphthéroupolis

Succursale de Kyparissia [Péloponnèse] ↔ Agence de Gargaliani

Succursale de Larissa [Thessalie] ↔ Agence de Tyrnavos. Agence d'Elassona

Succursale de Méssini [Péloponnèse] ↔ Agence de Kalamata. Bureau de Méligalas

Succursale de Pyrgos [Péloponnèse] ↔ Agence de Krésténa

Succursale de Salonique [Macédoine]↔ Agence d'Arnéa. Agence de Polygyros. Agence de Lagadas↔ Agence de Néa Moudania

Succursale de Sérres [Macédoine]↔ Agence de Sidirokastro. Agence de Nigrita. Agence de Néa Zichni

Succursale de Trikala [Thessalie]↔ Agence de Kalabaka.

Succursale de Tripoli [Péloponnèse]↔ Agence d'Adritséna. Agence de Megalopolis.

Succursale de Vérria [Macédoine]↔ Agence d'Edesse

Succursale de Xylokastron [Péloponnèse]↔ Agence de Sicyone

Source : Archives de la Banque Agricole de Grèce [Archives Historiques de PIOP], Circulaires administratives, volumes des années 1930-1939.

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INTERNATIONAL QUANTIFICATION AND LIBERALISM:
THE EARLY STATISTICAL ACTIVITIES OF THE LEAGUE OF NATIONS'
ECONOMIC AND FINANCIAL ORGANIZATION

Abstract: Analysis of the early statistical activities of the Economic and Financial Organization (EFO) of the League of Nations (LoN) suggests two hypotheses. First, the intention to establish international cooperation on statistics was present at the outset; cooperation was both connected to intergovernmental decision and provided with its own initiative. Second, EFO quantification developed a new relationship between knowledge and power. This relationship differed from that which can be found in the context of the state where governments, and data use, are politically accountable, subject to opposition oversight and criticism. Based on cross-country comparison, EFO statistics reflected international objectives (cross-country interdependence and cooperation) as well as their corresponding ethical basis (multilateralism, peace missions). While these goals and related ethics were to reinforce an emerging “liberal internationalism” as regards economic issues, data helped to consolidate it through convergence towards such paradigm. The LoN’s quantification became a new political instrument in the drive to reshape globalization’s content and method.

1. Knowledge and power within the LoN: a new approach to global interdependence?

This article analyses the early statistical activities of the Economic and Financial Organization (EFO²) of the League of Nations (LoN). The League was created in 1919, in the wake of the First World War. I revisit two hypotheses, which I have discussed elsewhere³ at greater length, in order to further analyze the relationship between international quantification and the development of a new globalization, as regards contents (free trade, cross-country economic interdependence), and methods of implementation, through a common paradigm aimed at internationalizing economic liberalism. The latter was also justified by ethics: it was essentially founded on the idea that free trade brought peaceful international relations and global

¹ [https://www.pantheonsorbonne.fr/recherche/page-perso/page/?tx_oxcspagepersonnel_pi1\[uid\]=rcusso](https://www.pantheonsorbonne.fr/recherche/page-perso/page/?tx_oxcspagepersonnel_pi1[uid]=rcusso)

² The EFO included the Secretariat (the Economic and Financial Section, EFS) and the committees where sat the experts, i.e. the Economic, Financial or Statistical Committees.

³ R. Cussó, « L’activité statistique de l’Organisation économique et financière de la Société des Nations : Un nouveau lien entre pouvoir et quantification », XXVII.2 (2012), pp. 109-138.

prosperity. Statistical standardization, as monitored by the EFO, is studied here as a steering mechanism for convergence of countries towards such a paradigm. It was reinforced by international legitimacy (multilateralism) and voluntary and technical cooperation. While national policies could remain varied, international statistics both pointed out common problems and offered shared, quantified knowledge to address them.

My first hypothesis is that there was an intention from the start to develop international technical activities in the LoN, based on both the Secretariat's relative autonomy and the approval of the intergovernmental sphere. This stands in contrast to what the historiography of intergovernmental organizations (IO) has often put forward. V.-Y. Ghébali for instance considers that the development of the LoN's technical activities was essentially a reaction to the "fetters of a political control".⁴ According to L. W. Pauly, "[...] the original architects of the League never explicitly intended such [technical] activities to develop [...]".⁵ More recently, the early EFO technical activities have been acknowledged though they are seen as being rather limited: "[...] a growing sense of frustration in its work prompted EFO to attempt to free itself from inter-governmental oversight and become an independent organisation to promote economic and financial co-operation in 1940 [...]".⁶

I contend that the LoN counted on developing the production of international statistics rapidly, and augmenting considerably their scope (used in the supervision of the mandates, in health programs and trade overviews, among others), without forgoing the intergovernmental nature of the international decision making process. This intergovernmental aspect structured and legitimized international statistics, including their political dimension, i.e. their capability to implicitly define common problems and areas of intervention.

My second hypothesis is that the EFO's statistical program gave rise to a new relationship between power and statistics. International quantification deeply differs from quantification produced by states. While there is a drive at both levels to rationalize public action, their functioning contrasts significantly. Governments, and official data they use, are subordinate to the pluralism of parliamentary systems, where the opposition may express criticism and alternative projects. This is not the case for IOs (and the LoN was no exception) seeing that,

⁴ V.-Y. Ghébali, *La Société des Nations et la Réforme Bruce, 1939-1940*, Geneva, Carnegie Endowment for International Peace, 1970, p. 83.

⁵ L. W. Pauly, *The League of Nations and the Foreshadowing of the International Monetary Fund*, Princeton, NJ, International Finance Section Department of Economics, Princeton University, 1996, p. 5.

⁶ P. Clavin, J.-W. Wessels, "Transnationalism and the League of Nations: Understanding the Work of its Economic and Financial Organization", *Contemporary European History*, 14.4 (2005), pp. 465-492, p. 465.

unlike a party system, there is no majority/opposition dynamics.⁷ Consequently, IO missions, and related official data, are directly linked to ethics, independent of political changeovers. It is important, in addition, to note that, in IO assemblies, government representatives can avoid the oversight of their parliaments, at least temporarily. This explains why use of the expression “government representatives” is more accurate than “state representatives”.

To sum up, the LoN’s Secretariat, with the follow-up and approval of the intergovernmental sphere, developed new statistical programs founded on common missions and collaboration. Such international quantification accompanied (and channeled) the emergence of a new global order linking free trade (and interdependence) to peace. Internationalizing liberalism came to be thought of as a matter of ethics.

Regarding my approach, I endeavor to link a historical analysis of the statistics produced by IOs both to the sociology of quantification and to critical demographics.⁸ Since the creation of IOs involves political innovations, I consider that these organizations have produced specific political instruments beyond those produced by states, as noted above, but also by comparison to those produced by international non-governmental bodies. If the origin of IO statistical programs has begun to be studied in a systematic way⁹, researchers have rarely defined the specificities of international quantification.¹⁰ Regarding my methodology, I take into account international missions, resolutions, procedures and publications as well as interactions of, and

⁷ As regards the European Union (EU), the European Parliament (EP) has a limited legislative power: “For most legal acts, the legislative power is shared with the Council, through the ordinary legislative procedure”. The budgetary power is also shared with the Council. The EP does not choose the Commission. http://eur-lex.europa.eu/summary/glossary/european_parliament.html.

The International Labor Organization (ILO) does not completely reproduce the diversity of the conflictual character of collective bargaining. See C. Gobin, *L’Europe syndicale. Entre désir et réalité. Essai sur le syndicalisme et la construction européenne à l’aube du xxi^e siècle*, Brussels, Labor, 1997.

⁸ A. Desrosières, *The Politics of Large Numbers: A History of Statistical Reasoning*. Cambridge, Mass., Harvard University Press, 1998.

H. Le Bras, *Naissance de la mortalité. L’origine politique de la statistique et de la démographie*, Paris, Seuil/Gallimard (collection Hautes Études), 2000.

⁹ R. Cussó, S. D’Amico, “From development comparatism to globalization comparativism: towards more normative international education statistics”, *Comparative Education*, 41.2 (2005), pp. 199-216.

R. Cussó, « Aux origines de l’évaluation statistique internationale: la supervision des mandats par la Société des Nations », *Experts et expertises dans les mandats de la SdN : figures, champs et outils*, Presses de l’INALCO, Paris, in press.

A. Ribi Forclaz, “Agriculture, American expertise, and the quest for global data: Leon Estabrook and the First World Agricultural Census of 1930”, *Journal of Global History*, 11 (2016), pp. 44–65.

M. Ward, *Quantifying the World: UN Ideas and Statistics*, Bloomington, Indiana University Press, 2004.

H. Westergaard, *Contributions to the History of Statistics*, The Hague, Paris, London, Mouton Publishers, 1932. As for the literature on statistics produced by the EFO, see the next section.

¹⁰ R. Cussó, *Comparer pour mieux régner. Histoire et sociologie de la quantification internationale*, HDR dissertation, Paris, IEP, 2012.

micro-decisions by, different actors. Such multilevel analyses should allow for a better understanding of the evolution of IO programs and policies.

Finally, like Catherina Brégianni¹¹, I try to interconnect economic and political processes, considering them as inextricable. A macro- as well as micro-historical research program focusing on the diachronic formation of both economic globalization (or polarisation) and globalizing (or polarising) methods and instruments, such as international or regional cooperation and local implementation, has thus been launched and may result in new insights. One of the goals of such program is to elucidate the mechanisms relating global to local social and economic processes, mechanisms which are often overshadowed.

In the section which follows, I will briefly discuss a few statistical precedents to the quantification carried out by the LoN, as well as the literature on the EFO's statistical activities. The third section will present the results of my archival work, especially those focused on the circumstances of the emergence and definition of the EFO's quantification activities. Lastly, I provide some concluding remarks.

The LoN's archives, located in the Palais des Nations, Geneva, include correspondence, memos, and other documents (drafts and final versions) relating to the activity of the League's various Secretariat's sections. In the case of the Economic and Financial Section (EFS), Alexander Loveday's personal archives are also available – he was a member of the EFS and, from 1931, he was the Director of the Financial Section and Economic Intelligence Service. My professional experience (1993-2001) in the production of statistics (from questionnaires to publication) within the statistical services of the United Nations Educational, Scientific and Cultural Organization (UNESCO) has helped to guide my approach.

2. Sparsity of the literature on early EFO statistical activity and political innovation

i A few predecessors to quantification by the LoN

The quantification activities carried out by the International Congress of Statistics (1853-1876), impelled by Adolphe Quételet, or by the International Institute of Statistics (IIS) since 1885, have been relatively well studied. They have often been considered as a precedent for those developed by the LoN. They contributed to moving “statistical internationalism” forward, in

¹¹ C. Bregianni, “Monetary Crises in Greece during the 19th Century. Greek Membership in the Latin Monetary Union and Numismatic Issues”, ed. G. Depeyrot, *Moneys and Economies during 19th Century (from Europe to Asia)*, Wetteren, Moneta, 2012, pp. 27-38.

particular by propagating recommendations for the development of harmonized data.¹² Nevertheless, the scope of the activities of the Congress and the IIS was limited, in comparison to the League's programs and publications. These early non-governmental entities mainly aimed at encouraging the development of statistical systems within states. At the time, these systems were relatively poorly organized and unconcerned with harmonization.¹³ The LoN was certainly confronted by similar problems, but it managed, as an intergovernmental institution, to develop more comprehensive and comparative statistical series.

The particularities of these organizations may explain the differences in their scope and efficacy. The League introduced an international civil service (Secretariat) which was permanent and formally independent from member states.¹⁴ What is more, and this was a significant political innovation, the LoN was granted a part of the sovereignty traditionally exercised by states, thus allowing it to have its own missions, as consecrated in the Covenant.¹⁵ The Congress and the IIS mainly worked at the transnational level, and unofficially at that: "The 1878 crisis was triggered by the uncertainty regarding the status of the participants to the Statistical Congress".¹⁶ The same applies to the forerunner of the ILO, the *International Association for Labour Legislation* (IALL) which was "composed of free personalities without mandates [...]"¹⁷ and which did not manage to gather internationally harmonized data. This is also noted in the case of agriculture¹⁸, and observed in the outputs of the Congress and the IIS.¹⁹ These entities did not hold the international power which would have derived both from (a share of) state sovereignty and from the debating, and official approval, of government representatives in international assemblies. International non-governmental organizations' autonomy allowed neither for an extensive statistical production, nor for a remarkable influence on state statistics. They did not produce a *bona fide* international quantification.

¹² E. Brian, « Statistique administrative et internationalisme statistique pendant la seconde moitié du XIXe siècle », *Histoire & Mesure*, IV.3/4 (1989), pp.201-224, p. 216.

¹³ R. Cussó, « La quantification internationale à la lumière de la SSP et des congrès internationaux de statistique : continuités et ruptures », *Journ@l Électronique d'Histoire des Probabilités et de la Statistique*, 6.2 (2010) <http://www.emis.de/journals/JEHPS/Decembre2010/Cusso.pdf>

¹⁴ LoN, *Statut du personnel*, Geneva, LoN, 1946.

For more details on the international administration, see F. P. Walters, *A history of the League of the Nations*, London, Oxford University Press, 1952.

¹⁵ <http://digital.library.northwestern.edu/league/le000003.pdf>

¹⁶ A. Desrosières, « Entre l'administration et la science: les transformations de l'internationalisme statistique », *Congrès de l'Institut international de statistique*, Berlin, 2003, p. 4.

¹⁷ I. Lespinet-Moret, « Le vivier de la direction et du ministère du Travail à l'œuvre au sein de l'Organisation internationale du travail, 1919-1932 », eds. A. Chatriot, O. Join-Lambert, V. Viet, *Les politiques du travail (1906-2006): acteurs, institutions, réseaux*, Rennes, Presses universitaires de Rennes, 2006, pp. 241-257, p. 243.

¹⁸ A. Ribí Forclaz, "Agriculture, American Expertise, and the Quest for Global Data", *op. cit.*

¹⁹ R. Cussó, « La quantification internationale à la lumière de la SSP et des congrès internationaux de statistique », *op. cit.*

ii *Some studies on EFO's statistics*

Susan Pedersen underlined in late 2007 the relative lack of studies on the LoN's technical organizations: "The history of this third 'League of Nations' is not well known".²⁰ She also noted that statistics were not dealt with specifically through the LoN's different areas of competence. In the case of the EFO, while almost all related studies note the importance of its statistical activities²¹, they rarely describe them in detail; they do not investigate in depth the mechanisms and effects of international quantification as a policy-making innovation.

M. Fior²² and A. M. Endres & G. A. Flemming²³ have shown interest in the impact of international technical and discursive activities on national economic and financial practices. Their analysis of this impact is rather classical, based on the effects of loans, reports, or statistical production on policy reform: they do not consider quantification as a policy-grounded process on its own. For Fior, the LoN played a remarkable role in the elaboration, legitimization, and spread of financial orthodoxy in the 1920s, thus contributing to the economic and political crisis that was triggered in the 1930s. The LoN's intervention in Austria can be seen as an example of this.²⁴ Endres & Flemming focus on the contribution of the LoN's economists to economic and social research. In their opinion, also shared by Fior, the EFO's statistical activities take on meaning mostly in the context of the studies that were carried out at the time. Focused on the origins of the International Monetary Fund, L. W. Pauly is more interested in the development of EFO's data collecting, but mostly for its role therein rather than as a political instrument. He mentions a "first survey compiled in 1922 at the behest of the Brussels Conference".²⁵ However, he does not refer to the questionnaires which were sent out regularly as early as 1920 for use in the Monthly Bulletin of Statistics. In fact, Pauly mainly

²⁰ S. Pedersen, "Back to the League of Nations", *American Historical Review*, 112.4 (2007), pp. 1091-1117, p. 1108.

²¹ "At the present time [February 1921] the Economic and Financial Section produce practically the whole of the statistical work done by the League [...]" in *Compilation of statistics of the League*, by F. Nixon, February 3th, 1921; LoN's Archives (LoNA), Box R.290 "International Statistics".

²² M. Fior, *Institution globale et marchés financiers: la Société des Nations face à la reconstruction de l'Europe, 1918-1931*, Brussels, Bern, Berlin, Peter Lang, 2008.

²³ A. Endres, G. Fleming, *International Organizations and the Analysis of Economic Policy, 1919-1950*, Cambridge, Cambridge University Press, 2002.

²⁴ Among the functions of the Economic and Financial Committee, it is to note the "financial reconstruction of Austria, Hungary, Greece and Bulgaria; [Greek and Bulgarian] refugee settlement schemes; advice and assistance to a number of individual governments on financial problems"... The Fiscal Committee was concerned "with the removal of tax barriers to international trade and investment". See E. F. Ranshofen-Wertheimer, *The International Secretariat*, New York, Carnegie Endowment, 1945, p. 113.

²⁵ L. W. Pauly, *The League of Nations and the Foreshadowing of the International Monetary Fund*, *op. cit.*, p. 27.

notes the development of the EFO's statistical program, starting in 1927 with the International Economic Conference in Geneva.²⁶

From a transnational and actor-based approach²⁷, Y. Decourzant²⁸ has analyzed the expert networks on economic and financial issues and their relationship with the EFO, while Clavin and Wessels have more clearly underlined the linkages between international data and economic policy. Yet they circumscribe this linkage to data's capacity to inform policy rather than create it: "The initial focus of the section's work was to collate economic statistics. In this form, the Economic and Financial Section had neither the remit nor the power to formulate policy recommendations (although its data often informed the policy choices of governments)".²⁹ The characteristics of the committees remain ambiguous. They are deemed to be independent: "[...] the officials of the Economic and Financial secretariat demonstrated ambition and independence of mind by pressing for the creation of an independent expert advisory committee on economic and financial questions [...]", but their members are also described as "So-called 'independent experts'". They would have been "seconded to the Economic and Financial committees as a result of informal, behind-the-scenes negotiations between governments of the primary League member states".³⁰

M. D'Alessandro further dissociates the governments' objectives from the Secretariat's. In his opinion, the EFO's invitation of representatives of the private sector aimed to circumvent "governments' interference".³¹ Industrialists, bankers, union representatives, economists, and others, supported by international principles, are viewed as agents for "policy change" within the states. Nevertheless, D'Alessandro's definition of international technical expertise brushes aside the legitimacy gained by the EFO from government participation and approval, as it is

²⁶ L. W. Pauly, *The League of Nations and the Foreshadowing of the International Monetary Fund*, *op. cit.*, p. 19.

²⁷ "This approach facilitates an increased sensitivity to how the history of international relations shapes, and is shaped by, all members of society", P. Clavin, "Introduction: Defining Transnationalism", *Contemporary European History*, 14.4 (2005), pp. 421-439, p. 437.

See as well Dubin on transgovernmentalism: "[...] what actually was occurring in the 1930's, and what senior international officials were advocating, was the development of sectoral political linkages across state boundaries, a development today described as the processes of 'transgovernmentalism'", M. D. Dubin, "Toward the Bruce Report: The economic and social programs of the League of Nations in the Avenol era", *The League of Nations in retrospect*, Berlin, New York, Walter de Gruyter, 1983, pp. 42-72, p. 64.

²⁸ Y. Decourzant, « La Société des Nations et l'apparition d'un nouveau réseau d'expertise économique et financière (1914-1923) », *Critique internationale*, 52.3 (2011), pp. 35-50.

²⁹ P. Clavin, J.-W. Wessels, "Transnationalism and the League of Nations", *op. cit.*, pp. 470-471.

³⁰ P. Clavin, J.-W. Wessels, "Transnationalism and the League of Nations", *op. cit.*, pp. 471, 472.

³¹ M. D'Alessandro, "Seeking governance for world markets. The League of Nations between corporatism and public opinion, 1925-1929", *European Business History Association - XIth Annual Conference*, Geneva, September, 2007, pp. 13-15, p. 1. <http://www.ebha.org/ebha2007/pdf/Alessandro.pdf>

explicit in LoN's organization³², and more specifically, as it is defined in a 1920 resolution on governments role in committees. Thus, the idea of “behind-the-scenes” goings-on may also be nuanced given the official nature of the relation between governments and technical experts:

*“The Technical Organisations [...] are established for the purpose of facilitating the task of the Assembly and the Council by the setting up of technical sections on the one hand, and on the other to assist the Members of the League, by establishing direct contact between their technical representatives in the various spheres, to fulfill their international duties”.*³³

In line with this, and according to M. Hill, a former member of the LoN, it was established that “[...] the Economic Committee, was composed mainly of high officials from ministries of commerce – persons actively concerned with the framing and execution of national commercial policies; [...] the Financial Committee, included several well-known bankers, two or three government officials, and two or three high officials of Central Banks”.³⁴ He adds:

*“Side by side with its conference and committee work, the [EFO] built up a comprehensive Economic Intelligence Service. A group of economists and statisticians formed part of the League Secretariat as early as the summer of 1919; before the end of that year it had taken over and expanded the Statistical Bulletin of the Supreme Economic Council of the Allies and had called an international meeting of experts with a view to organizing its statistical work. This embryo Economic Intelligence Service prepared for the Brussels Conference of 1920 the basic documentation on the currency and financial conditions in European countries, matters”.*³⁵

Hill, who began working at the EFS in October 1927, emphasizes the 1928 International Convention relating to economic statistics. In his opinion, “The convention contained far-

³² The “system [...] can be reduced to a cyclical procedure of five steps [...]. First, [...] the Second Committee would begin its discussions based on the previous year's reports from the Economic Committee, the Financial Committee and their sub-committees. The national delegations would then propose and eventually agree on resolutions recommending a particular subject or set of subjects to be studied by the Economic and Financial committees [EFC]. The Second Committee would ask the Council to authorise the [EFC] to continue an inquiry, to begin a new inquiry and/or to appoint a new special sub-committee. Second, [...], the [EFC] decided the method of the inquiry and who would undertake it. [...]. The third step was for the designated committee to get to work, [...]. The fourth step [...] was, of course, to write a memorandum. At this stage, [...] the [EFC] reports had to be agreed unanimously, or at least there had to be unanimity among the representatives of the primary League member states. Once this hurdle was overcome, the report was submitted to the Council and, with the latter's consent, published. The fifth and final stage of the cycle came in two arenas [...]: in the public sphere where national governments, the press, interest groups and the public at large received, and [...] formulated some kind of response to the report; and in the Second Committee which used these reports as the basis of the next year's [cycle]. [...] The Secretariat was involved in each and every stage of the five-step process”, P. Clavin, J.-W. Wessels, “Transnationalism and the League of Nations”, *op. cit.*, pp. 479-480.

³³ Annex to the sixteenth meeting, General report by M. Gabriel Hanotaux on the Technical Organisations “Relations between the Technical Organisations, the Council and the Assembly of the League of the Nations” in LoN, Records of the First Assembly. Plenary Meetings, Geneva, 1920, pp. 339-340. See also M. D. Dubin, “Transgovernmental processes in the League of Nations”, *International Organization*, 37 (1983), pp. 469-493, p. 479.

³⁴ M. Hill, *The Economic and Financial Organization of the League of Nations*, Washington, Carnegie Endowment for International Peace, 1946, p. 97.

³⁵ M. Hill, *The Economic and Financial Organization of the League of Nations*, *op. cit.*, p. 95.

reaching specific obligations”.³⁶ He did not elaborate on the technical details of data production. Nor did C. K. Nichols, another former member of the LoN, who interestingly considered that the comparability of statistics was one of the EFS’s first goals: “[...] it was soon seen that international comparisons could only be made if the national statistics were available in comparable form and represented non dissimilar phenomena by comparable methods”.³⁷ A. A. Menzies³⁸ focuses on the EFO’s statistical activities in the mid-1920s, in particular on the difficulties surrounding the definition of a nomenclature for customs formalities. He examines the origins of these activities less than Nichols or Hill do, but he is the first observer to ponder the close link between international globalizing action and the early need for international data. Finally, research by Martin Bemann is also to be noted, especially as regards his concept of “World Economic Statistics” in the context of the quantification approach. He analyses, for instance, the actors motives as regards the production of such statistics, i.e. “information gathering, securing of political influence and shaping of national identities and prestige”.³⁹ The effect of international cooperation developed by the EFO as regards reform (or adaptation) of national statistical services and, consequently, in the transformation of national economic identities is thus not treated in the available literature.⁴⁰

The following section investigates the key period of the development of the EFO’s early statistical work, by considering the immediate start of its quantification program as well as the EFO’s early interactions with government representatives. How does international quantification trigger policy change? How does comparison impact on a country’s economic paradigm?

3. *The emergence of international quantification: “Compare and globalize”*

i Political versus technical activities?

While President of the USA, Woodrow Wilson, strongly supported the creation of the LoN in the follow-up to the First World War (1919). He had already proposed the creation of a “general association of nations” in January 1918, in his well-known “Fourteen Points”. Putting an end

³⁶ LoNA: *List of the Secretariat Personnel* (1920–1938), ref. C 1185.

³⁷ C. K. Nichols, “The Statistical Work of the League of Nations in Economic, Financial and Related Fields”, *Journal of the American Statistical Association*, 37.219 (1942), pp. 336-342, p. 338.

³⁸ A. A. Menzies “Technical Assistance and the League of Nations”, *The League of Nations in Retrospect*, Berlin, New York, Walter de Gruyter, 1983, pp. 295-312.

³⁹ M. Bemann, “Comparing Economic Processes on a Global Level in the 1920s and 1930s. Motives and Consequences”, *Working Paper*, 2017. See as well: <https://www.eah.geschichte.uni-freiburg.de/staff/dr.-martin-bemann>

⁴⁰ There is a work in progress on this issue: R. Cussó, “Building a Global Representation of Trade through International Quantification: the League of Nations’ Unification of Methods in Economic Statistics”.

to secret diplomacy and fostering cooperation were among the motivations for his proposal. The United Kingdom's government is also considered to have actively participated in drafting the LoN's Covenant, and so is J. C. Smuts⁴¹, a South African general, who had worked on a document closely resembling its final version.⁴² In spite of its central involvement in the creation of the LoN, the United States did not join the organization. The American Congress opposed it because such organizations could reduce the United States' ability to defend its own interests. Yet the US did participate in numerous League technical activities, as did other non-member countries.

The Covenant can be divided into four main parts. The first one dealt with questions relative to peace keeping, such as disarmament or treaty negotiation, i.e. the political questions. The second one concerned the compromise regarding the future of the colonies of Germany and the Ottoman Empire. The United States being hostile to the extension of other colonial empires, especially those of the United Kingdom and France, the compromise consisted in attributing only mandates on the territories of the vanquished empires to the concerned powers – France, UK, Japan, Belgium... This arrangement introduced a significant novelty: the LoN supervised the mandatory powers as stated in the Article 22 of the Covenant.⁴³ The compromise introduced as well the adoption of the open-door policy. In his “Fourteen Points”, Wilson's proposed “the removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations”. The third part of the Covenant pertained to the organization and to the operation of the LoN. The relationship between the Assembly, the Council, and the Secretariat (Article 2) was not elaborated, and neither was the Secretariat's concrete work (Articles 6 and 7). In fact, the Covenant described the conditions for the development of international expertise rather than defining the way this expertise would function. The fourth part of the Covenant referred to technical activities. According to Article 23, these “economic and social” activities were: “[...] commercial, industrial, and agricultural matters, finance and transportation matters, demography and emigration matters, hygiene and public health matters, as well as those of housing and food [...]”.⁴⁴

It is important to bear in mind that the word “technical” was quickly qualified at the time: “The term ‘technical’ is obviously inadequate to define all these activities, and it is a truism that most

⁴¹ J. C. Smuts, *The League of Nations: A Practical Suggestion*, London, New York, Hodder and Stoughton, 1918.

⁴² See as well E. Manela, *The Wilsonian Moment. Self-determination and the International Origins of Anticolonial Nationalism*, Oxford, Oxford University Press, 2007.

G. J. Mangone, *A Short History of International Organisation*, New York, McGraw-Hill Book Company, 1954.

⁴³ <http://digital.library.northwestern.edu/league/le000003.pdf>

⁴⁴ V.-Y. Ghébal, *La Société des Nations et la Réforme Bruce, 1939-1940*, op. cit., p. 91.

of these questions are to a greater or lesser degree political, especially in their national aspect. But the term was used consistently until the so-called Bruce Report of 1939 attempted to replace it by ‘economic and social affairs’.⁴⁵ IOs have continued using the expression “technical activities” and “technical cooperation”, which are often considered to be their most genuine activities.

Regardless, the formal separation between the political and technical activities reconciled two opposing visions, as expressed in 1919: the will to keep decisions solely at the intergovernmental level and the idea of creating a transnational sphere composed of independent experts. The former supported the permanent representation of governments within the LoN, while the latter favored direct links between the Secretariat and the different countries’ technical officials or experts.⁴⁶ As will become clear in what follows, the development of international quantification resulted from the powerful complementarity between these two options rather than from their opposition.

ii The rapid development of statistics

While international data were mentioned only indirectly in the Covenant⁴⁷, statistics immediately drew attention. Even before the LoN was formally organized, the Conference on International Co-operation in Statistics was held in London on August 14 and 15, 1919⁴⁸ – see Table 1 below for a summary of the EFO’s activities and evolutions. In a letter to the legal service (September 11, 1919), Arthur J. Salter underlined the link between the new international responsibility with regard to free trade and the collection of statistics in this area:

“The position with regard to commercial statistics has now been altered, not only by the creation of the League of Nations and the International Secretariat, but by the specific duties imposed upon the League under the Covenant, which include, for example, the securing of the equitable treatment of the commerce of all nations. Co-ordination and

⁴⁵ E. F. Ranshofen-Wertheimer, *The International Secretariat*, *op. cit.*, p. xviii.

⁴⁶ M. D. Dubin, “Transgovernmental Processes in the League of Nations”, *op. cit.*

⁴⁷ “Article 24. [...] In all matters of international interest which are regulated by general conventions but which are not placed under the control of international bureaux or commissions, the Secretariat of the League shall, subject to the consent of the Council and if desired by the parties, collect and distribute all relevant information and shall render any other assistance which may be necessary or desirable”.

⁴⁸ “In summer 1919, these men [Fosdick, Monnet, Anzilotti, Nitobe, Beer, Salter, Attolito, Colban, van Hamel, Comert, Mantoux, Ames et Mme Crowdy] settled down in London to prepare the future organisation”, F. P. Walters, *A history of the League of the Nations*, *op. cit.* p. 79. “The Treaty of Versailles came into force on January 1920, bringing the League of Nations into formal existence. The Secretariat, which to this moment had been provisional, now acquired formal status and, on 16 January 1920, the League of Nations Council met for the first time”, M. D. Dubin, “Transgovernmental Processes in the League of Nations”, *op. cit.*, pp. 485-486.

*improved methods of collecting commercial statistics became, therefore, matters of the first importance to the League*⁴⁹.

Table 1. Main activities of the LoN's EFO, 1919-1931

Year	EFO's general activities		EFO's statistical activities	
1919	LoN's provisional organization		Conference on international co-operation in statistics, London (August 14th-15th) Regular questionnaire aimed at producing the Monthly Statistical Bulletin	
1920	Provisional Economic and Financial Committee	International Financial Conference Brussels (September 25th - October 8th)	Statistical questionnaires being sent to Member States in order to prepare the Conference (March)	International Statistical Committee, Paris (October 11 th)
1921			Creation of the Statistical Section in London	
1922	International Economic Conference, Genoa (April 10th –May 19th)			
1923	Economic and Financial Committee	Intern. Conference for the Simplification of Customs formalities, Geneva (October 15th - November 3rd)		
1924			First issue of Balances of Payments	
1927	International Economic Conference, Geneva (Mai 4th-23th)		First International Statistical YearBook	
1928	Fiscal Committee Committee of Statisticians		International Conference on Economic Statistics, Geneva (November 26th - December 14th) International Convention relating to economic statistics	
1931	The EFS splits into the Economic Intelligence Service and the Financial Section, on the one hand, and the Section of Economic Relations, on the other hand ⁵⁰			

⁴⁹ "Minutes transmitting report of the International Conference for Commercial Statistics [...]. Asking for legal opinion on several points in connection with the Convention signed at that time [1913] by the Great Powers; most of the Minor Powers". Document signed by Arthur J. Salter, 11 September 1919; LoNA, Box R.289 "International Statistics".

Salter was officially appointed as EFS's director in 1922. According to L. Pauly "Walter Layton and, then Frank Nixon were the first directors, soon to be followed by Arthur Salter, who served as permanent director from 1922 until 1931", L. W. Pauly, *The League of Nations and the Foreshadowing of the International Monetary Fund*, op. cit., p. 6.

Nevertheless, Salter was very influent on decisions regarding the EFS from 1919: "I am now installed [...] with Salter in the Economic Section of the League of Nations Secretariat". Letter from W. Lloyd to U. Yule, 30 June 1919, LoNA, Box R.289.

⁵⁰ "The Economic Intelligence Service, while attached to the Financial Section, assisted and continues to assist all the activities of the [EFO] as a research body", E. F. Ranshofen-Wertheimer, *The International Secretariat*, op. cit., p. 113.

By noting the need to merge power and knowledge, Salter actually described the nascent international quantification. Yet he did not explain *how* international statistics could help the LoN to “secure” free trade. Adolphe Quetelet, in the context of the International Statistical Congress of 1853, probably made one of the first analyses of how international quantification, unfeasible at the time, could influence and/or help states in their politics: “Statistics, conceived in a spirit of unity and relying on set bases appropriate for all countries, are destined [...] to spread its benefits to all lands and shed new light on the real interests of governments”.⁵¹ The combination of a positivist perception of data, the harmonization of statistics (allowing cross-country comparison), and the emergence of objectives “above politics”, certainly are among the genuine founding stones of international policy, as further analyzed in the next section.

The EFS rapidly took up its statistical activities. Relying on a sizeable and experimented personnel⁵², the EFS appealed to experts of different nationalities, organized conferences, participated in drafting documents... It was within this context of growing initiatives that the interaction between Secretariat, experts, and government delegates was built up.

The decision to have statistics produced by the LoN, and not only by preexisting statistical non-governmental entities (IIS, among others), is an example well worth considering. The aforementioned Conference on International Co-operation in Statistics (August 14-15, 1919) proposed nominating a Committee “to consider the definite distribution of statistical work between the various bodies connected with, or proposed to be connected with, the League of Nations [...]”. The Imperial Conference on Statistics of the British Empire (January 20-February 26 1920) went further by underlining “the possibility of centralising all classes of international statistics in a single Bureau [...]”.⁵³ The proposal to constitute an International Committee of Statisticians was supported and presented by Eric Drummond, the Secretary General. In a letter dated February 14, 1920, A. J. Salter suggested to Drummond “[...] that the appointment of such a committee might perhaps be properly made upon the authority of the Secretary General and without the actual instructions of the Council”.⁵⁴ The Council was then composed of the United Kingdom, France, Italy, Japan, Belgium, Brazil, Greece, and Spain.

⁵¹ *Minutes of the international Congress of statistics of 1853*, p.19.

⁵² The EFS was the larger LoN’s technical unit. According to the: *List of the Secretariat Personnel* (LoNA, ref. C 1185), in 1921, the EFS (including the London Bureau) summed up 17 members. In 1925, they were 42, in 1927, 45; in 1928, 49; in 1929, 55; in 1930, 56; in 1932, 58; in 1937, 63, and in 1938, 65 members.

⁵³ International statistics. Memorandum by the Secretary-general, p.5, April 5th, 1920, LoNA, Box R.289 “International statistics”.

⁵⁴ LoNA, Box R.289 “International Statistics”.

In agreement with Salter, the memorandum included the list of statisticians and experts who would sit on the Committee, along with its program, but the Council's ratification was finally requested. Thus, Drummond acknowledged the crucial dependency between the different levels of decision-making in the League as compared to the IIS: "I do not much like Salter's plan that I should convoke a Committee without the approval, event in principle, of the Council, since the Governments would, no doubt become aware of what have been done, and might resent it".⁵⁵

The International Committee of Statisticians met in Paris, on October 11, 1920, during the second Conference on International Co-operation in Statistics. The debates did not lead to a unanimous decision. The Committee produced a Majority Report in favor of the LoN simply coordinating statistics, and a Minority Report proposing the LoN produce its own data: "the step now imperatively needed to unify and standardise international statistics is to establish within the organization of the League a statistical section corresponding to the other technical organisations set up in the League".⁵⁶

The Minority Report was signed by Royal Meeker (Chief of the Statistical Division of the International Bureau of Labor), R. H. Coats (Canada's official statistician), and A. W. Flux (Assistant Secretary to the Statistics Bureau, Board of Trade, London) – Coats and Flux had taken part in the Imperial Conference on Statistics of the British Empire which already supported the idea of separate international statistics.⁵⁷ Unsurprisingly, those who signed the Majority Report were representatives of preexisting statistical entities whose remits were to be reduced in the other configuration: A. Delatour (Vice-President of the ISI) and P. Delombre (official delegate of the International Institute of Commerce in Brussels). They were supported by L. March (Director of the Central Bureau of Statistics, Paris), as well as by L. Bodio (President of the Supreme Council of Statistics, Rome). Strangely enough, in a letter to Royal Meeker, Camille Jacquard (Managing Director at the Interior Ministry in Brussels and delegate from the International Bureau of trade statistics in Brussels), also a signatory of the Majority Report, considered that the Minority Report was superior, but that "it did not correspond to the terms of the mandate which [they] were given".⁵⁸

⁵⁵ Letter to Jean Monnet, February 16th, 1920; LoNA, Box R.289 "International Statistics".

⁵⁶ Page 1 of International Committee of Statisticians. Minority Report; LoNA, Box R.290 "International Statistics".

⁵⁷ Page 1 of Minutes of Conference with British Imperial Statisticians; LoNA, Box R.289 "International statistics".

⁵⁸ Letter of November 24th, 1920; LoNA, Box R.290 "International Statistics".

The lack of unanimity brought about a consultation of the member states, led by the EFS. The coordination policy was chosen by a majority of respondents:

*“Following his communication dated November 5, 1920, the Secretary General has only received the answers of thirteen governments at this time [August 13, 1921]. Eight of them: Belgium, Bulgaria, Denmark, Finland, Italy, the Netherlands, Norway, and Sweden have approved the Majority Report. The other five: South Africa, Australia, Czechoslovakia, Japan, and New Zealand favor the minority’s proposal”.*⁵⁹

The decision of the General Assembly (through its Commission *International Statistics Organisation*), delays the final decision:

*“The Assembly decides that statistics [...] will not be undertaken by the League as long as the question of the organization of international statistics has not been decided, and this question is entirely deferred until the next session [...]. The title of the [Monthly Bulletin of Statistics] published by the League should indicate that it does not contain original statistics, but consists of figures collected from other statistical sources”.*⁶⁰

This decision could be interpreted as the result of tensions between the Secretariat and governments, between the autonomy of the first and the political oversight of the latter. Further analysis rather shows that it led to a pragmatic tradeoff between the LoN’s official collaboration with non-governmental entities and their taking, in effect, direct responsibility for statistics production. The production of international data within the LoN had already been launched, following a decision by the Allies. Firstly, the latter approved the creation of the *Bulletin* in August 1919. A questionnaire was to be sent on behalf of the provisional Economic and Financial Committee, which included experts officially linked to government representatives.⁶¹ Secondly, in order to prepare the International Financial Conference in Brussels (September 24-October 8, 1920), the EFS had also sent questionnaires (in March 1920) to participating states, asking them for information on their public finances, national debt or foreign trade.⁶² This practice allowed the EFS not only to assemble preexisting series but also to classify country statistics in categories established by the Section, and according to conference goals.

To sum up, governmental differences did not put into question the necessary interdependence of the secretariat and member states. The EFS did not wish to develop activities which were not

⁵⁹ Page 3 of Memorandum by the Secretary-general, August 13th, 1921; LoNA, Box R.355 “Organisation of international statistics”. The response of India is to be noted: “The Government of India [...] are not in favour of the recommendations either in the majority or in the minority Report”, August 4th, 1921; LoNA, Box R.355.

⁶⁰ Page 459 of Report of Committee No. 2 “Organisation of international statistics”. LoN, Records of the Second Assembly. Plenary Meetings, Geneva, 1921.

⁶¹ Decision of the Supreme Economic Council of August 1st, 1919, to constitute an International Committee for the purpose of publishing a monthly Bulletin of Economic Statistics, London (LoNA, Box R.289 “International statistics”) and following the “Statistical Bulletin of the Supreme Economic Council of the Allies”, M. Hill, *The Economic and Financial Organization of the League of Nations*, op. cit., p. 97. See also Box R.349 “Monthly Bulletin of Statistics”.

⁶² Draft of the circular letter asking for information on “Budget”, “Total Domestic Debt”, “Foreign Trade”, etc. March 3th, 1920; LoNA, Box R.303 “Economic questionnaire to various governments”.

under government supervision, rather, it favored *international* programs unanimously adopted by them. In other words, the EFS made efforts to act through agreements under intergovernmental decision while participating in the definition of such agreements.

Another example of the interaction sought between the EFS and the member states is that of transnational activity. The work carried out by the United Kingdom with the Commonwealth, as seen in the activity of the EFS's London bureau, was a primary reference for international statistics, reinforced by the fact that the Section's top officials were British.⁶³ The EFS was also inspired by work developed in the United States, which was a collaborating state. For instance, during the second Conference on International Co-operation in Statistics (October 11, 1920), the Section presented a memorandum on the American classification of commodities, originally meant for the American Chamber of Commerce.⁶⁴

The activities carried out by some countries may thus have been at the root of EFS choices and developments, and may then have served in an international agreement on statistical definitions and methods. In this context, exchanges with experts made it easier for "epistemic communities"⁶⁵ to develop in the field of data production. Some practices could indeed be adopted (or at least known) long before conventions had been signed, through ministerial exchanges for instance. That may explain why formal intergovernmental agreements would become increasingly consensual, as observed in the UN Assembly's meetings, for instance. The IO fundamentals remain: an international accord can only be effective in the long run if those who hold political legitimacy ultimately adopt it.

iii Comparing as the foundation of quantification

As already analyzed through Quetelet's citation, two of the foundations of international quantification are data harmonization and cross-country comparison. The former was relatively laborious for the EFS. The standardized presentation of the population by age group, for

⁶³ See, for instance, the letter of March 3rd, 1922, between A. Loveday (EFS in Geneva) and D. Etlinger (London Office); LoNA, Box P.133 "Archives of Mr. Loveday" or exchanges between D. Etlinger and G. Frumkin (Geneva), 1929-1932; LoNA, Box R. 2683-7 "Statistical Year Book". In a letter of May 24th, 1932, it can be read that the Imperial Institute had estimated, for instance, the figures of production of nitrate in Norway for 1929 and 1930.

⁶⁴ Memorandum attached to the letter of September 3rd, 1920, of G. B. Boorbach, Professor of Foreign Trade (Harvard University); LoNA, Box R.348 "The statistical activities of the League of Nations".

⁶⁵ S. Kott, « Une 'communauté épistémique' du social? Experts de l'OIT et internationalisation des politiques sociales dans l'entre-guerres », *Genèses*, 71 (2008), pp. 26-46.

instance, was still problematic in 1929: “For the Irish Free State, the large [age] groups which they show do not correspond satisfactorily with those which we show in the Year Book”.⁶⁶

Indeed, the data standardization process depended mostly on a fundamental factor: the definition of a consistent and uniform framework for collecting and treating statistics on a regular basis, i.e. the use of common questionnaires and categories. The EFS laid down these foundations from the start and managed to prepare rather rigorous statistical series as shown in the LoN early publications on economic and financial data (Monthly Bulletin, Statistical Yearbook, etc.).

As for international comparison, it implicitly followed by virtue of having data issued by country or territory under the same categories, in a single document. Carried out by the LoN, these comparisons were official and were thus leading into something new. First, statistical publications concretized the possibility for the LoN to look at all states from “above”; they could be perceived as being on the same level. Second, those publications also allowed for the existence of an “international community”⁶⁷ with their agricultural and mining productions, trade, industry, labor force, public finances, etc.⁶⁸ One of the most important exercises of political power is precisely to count the population and to draw up an inventory of wealth. Finally, whenever common objectives can be found (equitable treatment of the commerce of all nations), harmonized data open up to the possibility of imagining common policies, a common approach to economic and social issues, traditional domains of the state.

It was through the (official) comparison of countries that international quantification bound together international knowledge and power. While data harmonization allows simplification of the complex social and economic structures of states, comparison defines the scope of intervention. Without yet having produced rankings and benchmarks, EFO’s data offered an indirect “neutral” measurement of the progress made by states towards their agreed goals, thus becoming an instrument of evaluation, and, somehow, of implicit emulation.

Figure 1. A fragment of Table 74 from the 1926 International Statistical Yearbook

⁶⁶ Letter of D. Etlinger to G. Frumkin, March 27th, 1929, LoNA, Box R. 2683 “Statistical Year Book”.

⁶⁷ As expressed, for instance in the context of the description of the Mandatory system, see LoN, *The mandates system. Origin, principles, application*, Geneva, LoN, 1945.

⁶⁸ As regards the diversity of the studied topics, often by means of statistics, see LoN, *Catalogue des publications éditées de 1920-1934*, Geneva, LoN, 1935.

Tableau 74 (fin). — **Importations et exportations de marchandises, lingots et espèces. Commerce spécial.**
(b) Poids (en milliers de tonnes métriques).

Table 74 (concluded). — **Imports and Exports of Merchandise, Bullion and Specie. Special Trade.**
(b) Weight in metric tons (000's omitted).

PAYS		1913	1920	1921	1922	1923	1924	1925	COUNTRY
EUROPE (suite)									EUROPE (continued)
S. H. S. . .	Import.	¹ 317	440	734	1,232	1,123	1,128	1,514	S. H. S.
	Export.	¹ 369	915	1,584	2,214	3,026	3,916	4,398	
Suède . . .	Import.	8,549	6,091	3,865	5,509	7,152	8,545	7,962	Sweden.
	Export.	15,964	11,052	8,729	12,941	12,826	13,922	17,128	
Suisse ² . . .	Import.	7,938	5,610	4,284	5,289	6,675	6,767	6,858	Switzerland ³ .
	Export.	858	912	548	743	719	812	804	
Tchécoslovaquie .	Import.		³ 3,910	³ 3,991	3,252	4,288	5,788	6,761	Czechoslovakia.
	Export.		³ 6,902	³ 9,743	9,493	11,313	12,437	12,166	
OCÉANIE.									OCÉANIA.
Australie ⁴ . .	Import.	4,416	⁴ 2,238	⁴ 3,201	⁴ 2,420	⁴ 3,719	⁴ 4,377	⁴ 4,696	Australia ² .
	Export.	6,055	⁴ 4,985	⁴ 5,925	⁴ 5,816	⁴ 4,064	⁴ 4,982	⁴ 6,498	
Nouvelle-Zélande ² .	Import.	1,564	1,932	1,733	1,459	1,920	2,391	2,473	New Zealand ² .
	Export.	655	772	665	782	698	809	856	

¹ Serbie, 1912.

² Non compris le poids de quelques articles indiqués seulement par pièce.

³ Tonnage des cargaisons débarquées et embarquées ; de là un mélange de tonnages calculés par capacité et par poids. Les exportations comprennent le charbon de soufre.

⁴ Année finissant le 30 juin.

¹ Serbie, 1912.

² Not including weight of a few articles shown by number only.

³ Tonnage of cargo landed and shipped ; hence partly measurement and partly deadweight. Exports include bunker coal.

⁴ Year ending June 30th.

At first glance, Table 74 in the LoN's first Yearbook provides a "mere" snapshot of goods; imports and exports by country – see Figure 1. In fact, it is the result of a long technical process and was an intermediate step in the promotion of free trade. For tariff barriers to decrease or even disappear, statistics both had to implicitly reflect this goal and to encourage it. In this context, the standardization of the nomenclature of import/export goods (coal, wheat, cotton, etc.) and of their weight, quantity and value were prerequisite to the long run effort to compare the tariffs associated with them. Referring to the International Conference for the Simplification of Customs formalities of 1923, Menzies notes that it "was unable to agree on [...] how ad valorem duties should be calculated. [...] Many of the calculations problems were the result of statistical disagreements about such matters as gross and net weights and measures, and the exact definition of commodities which determined the applicable tariff".⁶⁹ Five years later, in 1928, the International Conference on Economic Statistics adopted a nomenclature on customs formalities. In the meantime the League had started a program aiming at the unification of methods in economic statistics, including a nomenclature on goods and recommendations as

⁶⁹ A. A. Menzies "Technical assistance and the League of Nations", *op. cit.*, p.308.

regards measurement of a good's value, weight and quantity, as well as the use of common categories on general and special trade.⁷⁰

As early as 1920, the EFO wanted to propose the above-mentioned American classification to the Statistical Conference: "There is a growing feeling that steps should be taken to remove the inconvenience and confusion caused by the extreme diversity of commodity classifications used by the different nations in collecting and publishing their trade statistics". A decimal system was retained: for instance, 2 would be assigned to the "textiles" category, while 20 would be assigned to cotton, and 200 to raw cotton. It was "necessary and desirable that tariff purposes be met by a classification".⁷¹ In other words, the measurement instrument, while still deemed to serve country's needs for information, essentially allowed (the idea of) common tariff policies.

The importance of statistical comparison between states was omitted from the innocuous preface to the first issue of the International Statistical Yearbook, signed by A. Loveday: "This [Yearbook] is published in accordance with a recommendation made by the Economic Committee of the [LoN] to the Council in its report of December 1925". It was also noted that

"the Committee had been struck by the fact that, in the course of the League's business, a very considerable volume of statistics of great interest to Governments and business-men has been published, that these statistics are scattered through a number of different publications ... and that it would be of great advantage to publish a summary of them in a single volume".⁷²

In 1928, the need to carry out scientific studies was also mentioned by the Statistical Conference as justification for statistical comparability, while clearly noting the need for harmonization.⁷³ The influence of comparison on the perception of the phenomena being compared was noted much later: "[...] national tariffs were generally held to be a matter of purely domestic concern in 1920; the international consideration of tariff questions is now just as generally considered to be normal and desirable".⁷⁴

In brief, a mutually consented and implemented international comparison, of customarily domestic questions, resulted from a huge effort comprising several steps: preparing and discussing harmonization methods and categories; ensuring participation and approval by

⁷⁰ LoNA, Boxes R414-415 'Unification of methods in economic statistics'.

⁷¹ Memorandum attached to the letter of September 3rd, 1920 of G. B. Boorbach, Professor of Foreign Trade (Harvard University); LoNA, Box R.348 "The statistical activities of the League of Nations".

⁷² LoN, *International Statistical Year Book 1926*, Geneva, LoN, 1927, p. 7.

⁷³ "In elaborating these statistics, the Governments should try to use uniform methods with a view of obtaining international, comparable figures". "Committee for the agenda of the proposed Statistical Conference", p.1-2; LoNA, Box R.2683 "International Statistical Conference, Geneva, 1928, Preparatory Committee".

⁷⁴ M. Hill, *The Economic and Financial Organization of the League of Nations*, *op. cit.*, p. 6.

governments; collecting, treating and issuing the data. In this process, countries not only classify their data according to the new methods, but also explain, even justify, their decisions as regards the underlying policies which governed their data production.⁷⁵ Governments accepted having their standardized data published by an international body able to produce studies, recommendations, and, in some cases, austerity programs. They participated in a new globalizing activity where free trade and liberalism were assimilated to peace and improved international relations. International quantification thereby comes to be considered, in fine, as an expression of shared ethical objectives.

Conclusions

IOs and technical activity: considering that technical activities were at the root of the creation of the LoN, my analysis moves away from the position according to which those activities became autonomous slowly and out of necessity. They are often portrayed as having evolved as a way to bypass the limits imposed on the Secretariat by government delegates. This interpretation fails to take three aspects of the story into account. The first is the priority which was immediately given to technical activities by the LoN, a priority illustrated by the importance and scope of the EFO's work in the field of statistics. The second is the official participation of government delegates in technical issues, as seen in the joint construction of statistical expertise and its approval. The third aspect is that technical activity is a specificity of the LoN for geopolitical reasons. The United States, which instigated the League, was also a pioneer of technical cooperation. At the end of the 19th century, it implemented a new "cooperation and aid" policy aimed in particular at Latin American countries.⁷⁶ The colonial model could not compete with emerging modern international relations based, in principle, on pacific and technical cooperation between governments. Humanitarian work was also a fundamental pillar of these new relations;⁷⁷ this would eventually lead to "development programs" from the 1940s onwards. The LoN was to contribute to the transition from the old to the new world order.

Emerging International Quantification: the LoN's relation to its statistics was different from that of states to their data. The former was free from debates between opposing political

⁷⁵ R. Cussó, "Building a Global Representation of Trade through International Quantification" Work in progress.

⁷⁶ P. W. Drake, "From good men to good neighbors: 1912-1932", ed. A. F. Lowenthal, *Exporting Democracy: The United States and Latin America*, Baltimore, Johns Hopkins University Press, 1991, pp. 3-40.

E. S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930*, Durham, NC, London, Duke University Press, 2003.

⁷⁷ V.-Y. Ghébal, *La Société des Nations et la Réforme Bruce, 1939-1940*, *op. cit.*, p. 17.

projects; it relied on the hybrid decision-making that resulted from interactions between the Secretariat, experts, and governments. In brief, international quantification directly linked ethical objectives and the production of knowledge.

The power of comparing. An international entity was given the official mission of comparing and examining countries from an external viewpoint, resulting in implicit evaluation and emulation. International comparison did underlie international power. Indeed, governments could and did “use” international statistics to their own ends. For instance, in the comparison between national budget deficits of the 1926 Statistical Yearbook, (Table 83) it could be noted that, in 1924-1925, Norway had a negative balance in its public finances, which was much higher than most other European countries (133.3 million krone with a revenue of 317 million). The country’s “overspending” policies could thus be both perceived and problematized in this context. While, in general, it is just the use of such data by IOs which is underlined, such statistics could also help governments justify austerity measures, for instance, by presenting them as coming from an impartial IO. In this implementation of international quantification, governments may nonetheless be weakened: international quantification survives changes in the make-up of parliaments, while the comparison between states remains an implicit judgment on government actions.

Quantification and policy convergence. Common data methodologies, classifications and calculations opened up the possibility of triggering policy convergence without expressing explicit policy recommendations. Early statistical programs certainly facilitated the development of shared knowledge on economic issues and, thus, a shared view of economic problems and solutions. The shared knowledge supported a new paradigm based on economic freedom with an ever increasing cross-country interdependence. International quantification triggered both new forms in international relations and new economic policies aiming at liberal globalization. The latter was thus backed by international technical cooperation but also by universalism. Ethical considerations came to have an important role in this context. Liberalism and capitalism-based free trade were seen as a guarantee of peace and fairness. Protection, equilibrium in trade balances and regional solidarity (or bilateralism) were implicitly deemed to be negative policies and, more recently, “discriminatory”, as often evoked by the International Monetary Fund (IMF), for instance.

International instruments have thus contributed crucially to politically dominant narratives regarding justice, discrimination and peace. Their capacity for impact on local policies still calls

for further clarification and new insights. These issues are of increasing importance as directions for developing research.

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TRANSNATIONAL STATISTICIANS
AND THE CONSTRUCTION OF THE MODERN STATE SYSTEM:
NEGOTIATING TURKEY'S ECONOMIC STATISTICS IMPLEMENTATION
WITHIN THE LEAGUE OF NATION'S FRAMEWORK, 1926-1927

This paper¹ analyzes the early correspondences between the Economic and Financial Section of the League of Nations (hereafter the League) and Turkey's newly established Central Statistical Office between December 1926 and February 1927. It aims to present the start of technical cooperation between these two institutions for the internationalization of national data.

Focusing on the example of a non-member State², it investigates how the League constructed an international system of economic statistics through technical cooperation. What were the framework and implications of these technical exchanges?

As Kott³ underlined, the construction of the “international” goes hand in hand with that of the “national”. In the field of international quantification policies these constructions included a universalist project. An example was the first International Congress of Statistics (Bruxelles, 1853) whose principal aim, according to Cussó, was to promote the creation of a central statistical commission in each State in order to enhance the comparability of thus coordinated data, the uniformity of nomenclatures and tables, hence a universal language.⁴ This policy framework was elaborated and confronted to its alternatives⁵ as of the second half of the 19th century. According to Prévost and Beaud, this centralizing tendency was almost a consequence of the widespread opinion among the scientific-bureaucratic circles that perceived statistics as a form of exact knowledge regarding social and economic reality, and was promoted as a

¹ I would like to thank Patrice Baubeau, Philippe Bourmaud, Catherine Brégianni, Roser Cussó, Aydan Doğan, Federico D'Onofrio, Natália Frozel-Barros, Güneş Işıksal, Frédéric Lebaron and Clemens Zobel for their valuable feedback and comments (I remain the sole responsible for the text's weaknesses).

² Turkey entered the League on July 18, 1932 becoming its 56th member and on 17 September 1934 was elected as a non-permanent member of the Council. M. O. Hudson, “Admission of Turkey to Membership in the League of Nations”, *The American Journal of International Law* 26.4 (1932), pp. 813-814.

Y. Güçlü, “Turkey's entrance into the League of Nations”, *Middle Eastern Studies* 39.1 (2003), pp. 186-206.

³ S. Kott, « Dynamiques de l'internationalisation : l'Allemagne et l'Organisation internationale du travail (1919-1940) », *Critique internationale*, 52 (2011), pp. 69-84.

⁴ R. Cussó, « La quantification internationale à la lumière de la SSP et des Congrès internationaux de statistique : continuités et ruptures », *Journ@l Électronique d'Histoire des Probabilités et de la Statistique* 6.2 (2010).

⁵ For the alternatives see, for instance: F. D'Onofrio, *Observing Agriculture in Early Twentieth-Century Italy: Agricultural Economists and Statistics*, Routledge Taylor & Francis Group, 2016.

condition of rational government to guide public policy.⁶ Not only various States established a central statistical office especially at the end of the 1910s and during the 1920s, but also the League attempted to centralize international statistical work under its auspices. Hence when the Turkish Government decided in 1926 to form a central office and invited the Belgian demographer Camille Jacquart to lead it, centralization was already a prevalent model in the field of quantification policies.

Proclaimed in 1923, the Turkish Republic continuously transformed the Ottoman state institutions that it inherited. The state formation reinforced the reorganization of administrative statistics according to international norms and the incorporation of expertise, know-how, instruments, techniques, models and standards produced in the field of international quantification policies through negotiations, conventions, cooperation, circulation of expertise and the agency of actors of this field. This paper will provide only a partial analysis of this process regarding the question: how did the international quantification policies contribute to the implementation of State statistics in a nascent Nation-State? Observing the interactions between the national and the international in a period of transformations, ruptures and reinventions as part of state-building and economic reconstruction, this paper intends to contribute to the literature, of which a major part focuses on the statistical practices and policies institutionalized and internationalized in Western Europe since the 18th century as a technology of government.⁷

The study identifies a field⁸ of international quantification policies as a social space where different ideas and actors confront and circulate taking part in the production of international statistics as a specific form of knowledge⁹. It incorporates the institutions and practices through

⁶ J. G. Prévost, J. P. Beaud, "Chapter 4 – Form as Content: The Establishment of National Statistical Systems", *Statistics, public debate and the state, 1800–1945: A social, political and intellectual history of numbers*, Routledge, 2015, pp. 81-3.

⁷ H. Le Bras, *Naissance de la mortalité. L'origine politique de la statistique et de la démographie*, Paris, Gallimard-Seuil (Hautes Études), 2000.

A. Desrosières, *The Politics of Large Numbers: A History of Statistical Reasoning*, (trans. C. Naish), Cambridge, Harvard University Press, 1998.

T. M. Porter, *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life*. Princeton University Press, 1995.

A. J. Tooze, *Statistics and the German state, 1900-1945: the making of modern economic knowledge*, Cambridge University Press, 2001.

⁸ P. Bourdieu, L. J. D. Wacquant, *An Invitation to Reflexive Sociology*, Cambridge, Polity Press, 1992.

J. Go, M. Krause. "Fielding Transnationalism: An Introduction", *The Sociological Review Monographs*, 64.2 (2016), pp. 6–30.

D. M. Trubek, Y. Dezalay, R. Buchanan, J. R. Davis, "Global Restructuring and the Law: Studies of the Internationalization of Legal Fields and the Creation of Transitional Arenas", *44 Case Western Res. Law Review* 407 (1994), pp. 410-5.

⁹ M. Foucault, *Sécurité, territoire, population : cours au Collège de France, 1977-1978*, Gallimard, 2004.

A. Desrosières, *The Politics of Large Numbers*, *op. cit.*

which policies, procedures, instruments¹⁰ and measures are elaborated, negotiated, implemented or modified to produce quantitative knowledge at an international level, hence setting forms and norms of comparability for the production and organization of national statistics. In this regards, the study provides evidence to consider it as a transnational power and knowledge field which not only gives shapes to national quantification policies in bureaucratic fields, thus transforming the relation of States with their statistics¹¹, but also (re)produces international power relations and a system of world states comparable through numbers.

The official text introducing the archives relating to the EFS explains that:

“Up to 1931 there was just one “economic and financial” section in the Secretariat. This unit had to deal with the various questions raised by its title. In particular, it provided the secretariat and permanent experts of the “Economic and Financial Organization” of the League of Nations. It should not be regarded as a de facto autonomous body, such as the ILO or the Hague Court, not even as an internal “organization” that can have relations with non-member states (such as the Health “Organization” or that of Transit), but rather as a theoretical and provisional structure, constituted by a Commission, two main committees, one economic, the other financial, and specialized committees responsible for general or particular affairs and for the organization of international conferences.”¹²

Although this introduction suggests that the EFS was a non-autonomous section whose limited capacity did not include having relations with non-member states, the correspondents used its letterhead and the letters were signed by its members Alexander Loveday and Ansgar Rosenborg. The study refers to the EFS as the main body of the Economic and Financial Organization (EFO), which included a Commission, two main Committees (Economic and Financial) and some other specific Commissions. While acknowledging its interdependence with the League’s governing organs (the Council and the Assembly that are composed of Government representatives), we also suggest a certain autonomy of the EFS in practice as emphasized by Clavin and Wessel.¹³

P. Lascoumes, « La Gouvernamentalité : de la critique de l’État aux technologies du pouvoir », *Le Portique. Revue de philosophie et de sciences humaines*, 13–14 (2004).

¹⁰ P. Lascoumes, P. Le Galès, “Introduction: Understanding public policy through its instruments—From the nature of instruments to the sociology of public policy instrumentation”, *Governance*, 20.1 (2007), pp. 1-21.

¹¹ On this point see also R. Cussó, « L’activité statistique de l’Organisation économique et financière de la Société des Nations : Un nouveau lien entre pouvoir et quantification », *Histoire & mesure XXVII*, 2 (2012), pp. 107–36.

¹² Translated from the original in French. *Répertoire* : Fonds du secrétariat, Section(s) économique et financière, http://libraryresources.unog.ch/ld.php?content_id=19934149 in: UN Archives, Research Guides, League of Nations, Finding Aids, <http://libraryresources.unog.ch/c.php?g=462663&p=3162919>

¹³ For a detailed analysis of this interdependence, see P. Clavin, J. W. Wessel. “Transnationalism and the League of Nations: Understanding the Work of Its Economic and Financial Organisation” *Contemporary European History* 14.04 (2005), pp. 465.

This paper first gives a quick overview of the EFS's position in the field of international quantification policies, giving insights on how the EFS was established as a transnational actor at the confluence of two movements: a build-up in international statistics bodies, which started in the late 19th century, and the efforts of the First War winners to impose a common normative structure on statistics also having implications on governance and accountability, based on their own systems and rules which were not entirely homogeneous within themselves. It then introduces briefly the Ottoman quantification policies to contextualize the implementation of statistics in Kemalist Turkey. The following sections present and discuss the early correspondences between the EFS and the Turkish Central Statistical Office in a chronological order starting with the first contacts soon after Camille Jacquart took charge of the newly established Office. The study publishes the early correspondences between the newly established Turkish Central Statistical Office and the League's Economic and Financial Section (EFS) translating them from French to English.¹⁴ The signing authors of the letters are introduced briefly as their biographies inform about their positions as well as certain regularities of the field.¹⁵ The study also brings out the official documents regarding the reorganization of state statistics and the first census project that the Office shared with the EFS. The last section observes the EFS's more concrete strategies to internationalize Turkish data as part of world economic statistics.

1. EFS's position and activities in the field of international quantification policies

The League was constructed from its very beginning as a major and founding actor in the field of international quantification policies taking over most of the ideas and responsibilities envisaged by other international producers of quantitative knowledge and expertise. This section provides an overview of this process based on archival material, secondary sources and an article entitled "The League of Nations and International Trade Statistics" published in 1921 by Alexander Loveday.

Loveday (1888-1962) was the EFS officer who initiated technical cooperation with the Turkish Statistical Office according to the consulted documents. Born in Scotland, he studied at

¹⁴ These files are archived in the League's EFS folders (R 351, 10th sec., 1919-27) and in the folder "Application for League Documents" (R 1792, 49). I would like to thank to the archivists of the United Nations Office at Geneva (UNOG), and particularly to Jacques Oberson.

¹⁵ Regarding the pertinence of examining actors' biographical background, see for instance: F. Lebaron, A. Dogan, "Do Central Bankers' Biographies Matter?", *Sociologica*, 2 (2016). For a methodological inquiry regarding their usage in the study of transnational fields see: F. Lebaron, « Les élites européennes comme champ(s) », *Cultures & Conflits*, 102 (2016).

Peterhouse College (University of Cambridge). He lectured political philosophy at Leipzig University, then economics at Cambridge. He worked for the War Office for four years before joining the League's Economic and Financial Section in 1919. He served as a Chief of the EFS (1929-1931), then the Director of Financial Section and Economic Intelligence Service (1931-1939), and the Economic, Financial and Transit Department (1939-1940). After the Second World War when the United Nations replaced the League, he worked for a short while as a member for the Institute of Advanced Study at Princeton, USA. In 1946 he became a Fellow of Nuffield College, Oxford, where he was appointed the third Warden in 1950. He retired in 1954.¹⁶

This short biography depicts a bureaucratic-scientific figure, a civil servant of one of the most powerful founder States of the League, who worked in the EFS from its establishment through its transformations and replacement in leading positions. His trajectory indicates the importance of political stakes in the recruitment of the League's "international" officers and experts. The British dominance in terms of personnel¹⁷ also reflects Britain's economic power during the inter-war period especially regarding the globalization process expressed in monetary terms by the Gold Exchange Standard before 1932.¹⁸

In his paper Loveday wrote that:

*“Soon after the formation of the preliminary organizing skeleton of the Secretariat of the League of Nations, it was decided to hold an informal meeting of statisticians in order to consider in a general manner the way in which the new League organization could best assist in the development of international cooperation in statistics and to discuss the relation of the League with the various existing international institutions which dealt with this subject.”*¹⁹

Hence as early as during its construction period the League set the agenda for “the development of international cooperation in statistics” under its assistance. The EFS was established as a technical section whose main focus was to collate economic statistics.²⁰ Its first director Arthur

¹⁶ “From the Archive – Alexander Loveday” *Nuffield College Library's blog*, May 23, 2014 <https://nuffieldcollegelibrary.wordpress.com/2014/05/23/from-the-archive-alexander-loveday/>
See also: <http://www.lonsea.de/pub/person/5246>

¹⁷ Cussó notes that EFS's principal managers were British. Clavin and Wessel also underlines the domination of British officers in the Financial Section and the importance of political stakes especially in times of the nomination of section directors.

R. Cussó, « L'activité statistique », *op. cit.*

P. Clavin, J. W. Wessel, “Transnationalism and the League” *op. cit.* pp. 472, 475-6.

¹⁸ C. Brégianni, “Economic theory and politics. International institutions and monetary cooperation in the period of economic nationalism. A contradiction of the European Interwar? ”, *Neellenica Historica*, 2 (2010), in Greek.
B. Eichengreen, *Golden fetters. The gold standard and the Great Depression 1919-1939*, New York/Oxford, Oxford University Press, 1992.

¹⁹ A. Loveday, “The League of Nations and International Trade Statistics”, *The Annals of the American Academy of Political and Social Science*, 94 (1921), p 156.

²⁰ P. Clavin, J. W. Wessel, “Transnationalism and the League”, *op. cit.* p. 470.

Salter, another British bureaucrat, explained this interest in statistics as part of the League's duty of securing "equitable treatment for the commerce" referring to the Article 23(e) of the Covenant.²¹ EFS was not the only section undertaking international statistical work but it centralized most of it.²² One of its first action was organizing the mentioned meeting in August 1919 soon after its establishment.

Two important international actors, which were already "publishing comparative statistics monthly", sent representatives to this meeting: 1) Bureau of the International Statistical Institute (ISI), a private association (founded in 1885) concerned with the "collection, study, coordination and publication of statistical material"; 2) Institute of Agriculture at Rome (IIA, founded in 1905), an international organization with sixty adhering states, which was publishing data obtained from various Governments in the form of an agricultural yearbook and a monthly bulletin.²³ Loveday also referred to "other international bureaus likewise concerned with statistics".²⁴ He explained how the League took in charge of the supervision of these institutions' statistical work:

*"It became clear at the preliminary conference, to which allusion has already been made, held in August, 1919 there was a danger of the activities of these various bodies, which had either already begun or intended to begin the publication of international statistics, overlapping, and that, therefore, if the League desired to utilize their services or could assist them in the performance of their tasks, it was necessary, not only to consider the coordination of the statistics published by the various Governments of the world, but also the delimitation of the functions of these bodies."*²⁵

Harmonization and centralization of statistics at both international and national levels were dominant ideas combined together on the many occasions they have been pronounced as at the Conference which have indeed explicitly "expressed the unanimous opinion that it would be of great advantage if all the work in the statistical field, whose accomplishment is a necessity in the political life of nations, could be organized on a uniform and centralized system"²⁶.

²¹ Cussó quotes Salter from a memo (September, 1919) in the League archives: "The position with regard to commercial statistics has now been altered, not only by the creation of the League of Nations and the International Secretariat, but by the specific duties imposed upon the League under the Covenant, which include, for example, the securing of the equitable treatment of the commerce of all nations. Co-ordination and improved methods of collecting commercial statistics became, therefore, matters of the first importance to the League". R. Cussó, « L'activité statistique », *op. cit.* p.119

²² Cussó quotes an insider (F. Nixon) telling in 1921 that EFS produced practically the whole of the statistical work done by the League. R. Cussó, « L'activité statistique », *op. cit.* p. 112.

²³ A. Loveday, "The League of Nations", *op. cit.* pp.156-7.

²⁴ *Ibid.* p.157.

²⁵ *Loc. cit.*

²⁶ Loveday quoted the representative of Belgium, M. Destrée. *Ibid* p.157. See also: RHC, "International Statistical Organization Under the League of Nations", *Quarterly Publications of the American Statistical Association*, 1920, 356-357.

The League's Council established an expert commission regrouping statisticians from international organizations as well as certain national institutions – from France, Spain, UK, Canada and Japan – to receive advice and assistance in this process. The resulting “International Statistical Commission” was consisted dominantly of European male elite connected by different national and international institutions, and bureaucratic and scientific fields.²⁷ For instance the Italian Senator Luigi Bodio was the President of the International Statistical Institute (ISI) but he was invited as the President of the Italian Royal Statistical Office in Rome. It was its Vice-President M. Delatour and the secretary N. W. Methorst, who would represent the ISI. They had other affiliations as well; Delatour was also a member of the *Société d'économie politique* in France and Methorst was a Director at the Dutch Central Statistical Bureau. An officer of the Belgian Ministry of Interior, Camille Jacquart, who would head the reorganization of State statistics in Turkey as will show the next section, was also a member of the Commission representing the International Bureau of Commercial Statistics. The secretariat of the League was represented by A. Loveday and W. Layton. The composition of the Commission showed indeed how these actors cumulated multiple positions and professional networks in both national and international power-knowledge fields.

The final decision authorized the League to coordinate international statistics without establishing a centralizing organization.²⁸ Nevertheless, the EFS went beyond simple coordination and created its own statistical program.

It started the same year sending questionnaires to various Governments for the Monthly Bulletin in regular basis, and occasionally for the preparation of International Conferences, first for the International Financial Conference at Brussels in 1920. Following the recommendation of this Conference to appoint a Committee “of bankers and businessmen” which would “frame measures to give effect to certain decisions of the Conference”²⁹, the Council structured the

²⁷ The full list is available in League's archive documents (R290 10 80 and 10 678): Lucien March (Director-General of Statistics, France); R. H. Coats (Director of the Census Office, Canada); J. de Elola (Director-General of the Geographical and Statistical Institute of Spain); Luigi Bodio (President of Italian Royal Statistical Office and President of the International Statistical Institute); A. W. Flux (Secretary-General Statistics Department of the Board of Trade, Great Britain); M. Marumo (attaché at the Japanese Embassy in Paris); International Labor Office represented by the Assistant Director N. Butler and his deputy Prof. Louis Varlez, then by Royal Meeker, chief of the Scientific Division; International Institute of Agriculture, represented by the Vice-President Louis Dop; International Bureau of Commercial Statistics (Brussels) represented by C. Jacquart (also Director-General of the Ministry of Interior of Belgium); International Institute of Commerce by the ex-minister of Commerce (France) Paul Delombre; International Statistical Institute by Vice-President M. Delatour and Secretary N. W. Methorst (Director at the permanent Ministry of the Central Statistical Office, Netherlands).

²⁸ See Cussó's article in this volume. See also R. Cussó, « L'activité statistique », *op. cit.* p. 121-4.

²⁹ League of Nations, *The Committees of the League of Nations. Classified List and Essential Facts*, Geneva, 1945, p. 37

(then provisional) Financial and Economic Committee around the EFS. Now the collected data would also serve to make research and policy recommendations on economic and financial matters. But for that it was necessary to first develop technical policy recommendations to harmonize the data reported by various Governments. In 1922 the Genoa Conference granted the League the responsibility of world economic statistics “with the assistance and collaboration of other international organizations”, a compromise made after the opposition of the IIA delegate to a full take-over of the compilation of all trade statistics.³⁰ At the time the Conference requested the League to facilitate the carrying out of the Resolution that “common principles should be adopted generally for economic statistics” which would “serve as a basis for the organization of [statistical] departments” of states³¹, this idea was already in circulation in the field of international quantification policies and was expressed in various other occasions³². A concrete step was the EFO’s program of unification of methods in economic statistics in 1924.³³ The EFS published the first of a series of volumes on Balances of Payments in 1924³⁴ and of the Statistical Yearbook (of 1926) in 1927 (first as a document of the World Economic Conference of 1927)³⁵. It organized a conference of official statisticians in 1928, which produced the International Convention on Economic Statistics.

The Section underwent several transformations during the 1930s but in its new forms continued organizing conferences and publishing various compilations of world statistics such as *Money and Banking*, the *Review of World Trade* or the *World Economic Survey*. Its relationship with governments around the world thus involved a universal mission but no universal membership (admission was subject to a selective process by the League’s Assembly). It served as a laboratory for the elaboration and implementation of new methods and policies in international quantification that were later enhanced and reinforced by new supranational actors. The United

³⁰ F. d’Onofrio, “Agricultural numbers: the statistics of the International Institute of Agriculture in the Interwar period” *Agricultural History Review*, 65.2 (2017): 277-296, p. 282.

³¹ “Report to the Council by the Economic Committee of the Provisional Economic and Financial Committee on their Session held in Geneva from June 8th to 10th, 1922”, Geneva, July 4th 1922; Archive document no. C-437-1922-II-C_BI.

³² See for instance: R. Cussó, « La quantification internationale à la lumière de la SSP et des Congrès internationaux de statistique: continuités et ruptures », *Journ@l Électronique d’Histoire des Probabilités et de la Statistique* 6.2 (2010).

³³ Turkey was not one of the twenty three countries that responded to EFS’s request. R. Cussó, “Unification of Methods in Economic Statistics : Building an International Representation of Trade in the 1920s”, Workshop paper, *Information, Competition and Legitimation: On the Relevance of International Economic Statistics in the 20th Century*, Freiburg Institute of Advanced Studies, 2017.

³⁴ League of Nations, *Memorandum On Balance of Payments And Foreign Trade Balances. 1910-1923*, Geneva: Imp. des presses universitaires de France, Paris, 1924.

³⁵ League of Nations, EFS, *International Statistical Yearbook 1926*, Geneva, Pub. of the League, 1927.

Nations took over most of its work³⁶ and it also inspired statistical activities of other international organizations such as the World Bank or the International Monetary Fund.

Turkey first appeared in the Statistical Yearbook of 1927 (published in 1928)³⁷, was represented for the first time in a conference on international cooperation for statistics in 1928³⁸ and figured gradually in various tables of the Monthly Bulletin of Statistics in the 1930s.

2. *From the Ottoman Empire to the new Turkish Republic: Reorganization of State statistics by an international expert*

The centralization and rationalization of State statistics by a series of laws (also adopting the international units of time, calendar and measurement) especially between 1925 and 1933 present both continuities and ruptures with the past efforts. This section will first introduce the background of the reorganization of State statistics under the new Republic. Then it will present the international expert, Camille Jacquart, invited by the Turkish Government to set up and head a Central Statistical Office in Ankara.

The literature on Ottoman quantification policies includes two contradicting narratives which are expressed in various ways in different studies and at times even within a single study. The first underlines a well-grounded Ottoman statistical and book keeping tradition that should be considered as part of a larger history and sociology of quantification (though ignored by many scholars). The second reads this history in terms of a lack³⁹, i.e. absence of accuracy and methodology, incomplete and non-exhaustive censuses, etc.; at least until a certain period mostly characterized by a conversion to international (or Western) methods. Karpát's literature review shows that already in the 19th century European authors either praised Ottoman statistics as trustworthy sources or denounced them as deficient, often due to political biases and interests.⁴⁰

As a centralist, bureaucratic and patrimonial state, the Ottomans developed sophisticated quantification methods and tools adapted to their sociocultural and politico-economic conditions that they continuously sought to improve according to new needs and past

³⁶ For an overview of these transformations see: see P. Clavin, J. W. Wessel. "Transnationalism", *op. cit.*

³⁷ League of Nations, EFS, *International Statistical Yearbook 1927*. Geneva, Pub. of the League, 1928. Turkey figures in 29 of a total of 103 tables.

³⁸ League archives, R2702 10B 5066 3911, Conférence de Statistique 1928, Représentation de la Turquie.

³⁹ See Chakrabarty's critic on this kind of narration that contributes to the reproduction of the "subalternity of non-Western histories". D. Chakrabarty, *Provincializing Europe: Postcolonial Thought and Historical Difference*, Princeton University Press, 2000.

⁴⁰ K. H. Karpát, *Ottoman Population, 1830-1914: Demographic and Social Characteristics*, University of Wisconsin Press, 1985, pp. 4-8.

experiments as well as international expertise.⁴¹ The literature suggests periodic land, production, revenue and household surveys from as early as the 14th century to systematically assess and organize economic and military resources, in particular land, supplies, taxes and conscription.⁴² These censuses targeted domiciles⁴³, and not individuals, hence did not provide demographic data as in contemporary statistics – especially regarding women, children, elders or other groups of people (the handicapped, high officials, etc.) exempted both from taxation and conscription.⁴⁴ Scholars observe a paradigm shift in the 19th century, when the Ottomans were experiencing a social, economic and political transformation that Marxist historians explained by the Empire’s integration into the capitalist world economy as a “peripheral”⁴⁵ or a “semi-colonial” State⁴⁶. This was also a period of change in various European countries in terms of the implementation of administrative statistics, empowerment of statistical offices, role of “statisticians” as an emerging profession, and the use of different sources (institutional registers versus surveys) to measure the population.⁴⁷

⁴¹ F. M. Gocek, M. S. Hanioglu, “Western Knowledge and Imperial Control: The First Ottoman Social Surveys, 1895-97”, CRSO Working Paper #500, 1993.

H. İnalçık, “Did the Ottomans Use Statistical Methodology?”, eds. H. İnalçık, Ş. Pamuk, *Data and Statistics in the Ottoman Empire*, Ankara, State Institute of Statistics Prime Ministry Republic of Turkey, 2000, pp. 3-13.

K. H. Karpat, “Ottoman Population Records and the Census of 1881/82–1893” *International Journal of Middle East Studies*, 9. 2 (1978), pp. 237–274.

⁴² Ö. L. Barkan, « Essai sur les données statistiques des registres de recensement dans l’empire ottoman aux XV^e et XVI^e siècles », *Journal of the Economic and Social History of the Orient*, 1.1 (1957), p. 9.

C. Behar. *The Population of the Ottoman Empire and Turkey, 1500-1927*, State Institute of Statistics (Historical Statistics Series, Vol. 2), Ankara, 1996.

E. Z. Karal, *First Population Census in the Ottoman Empire 1831*, Ankara, TC Başvekâlet İstatistik Umum Müdürlüğü, 1943, in Turkish.

⁴³ *Hane*, the household (represented by a male head) did not necessarily designate a family, but was defined financially in terms of the tax potentially paid by its members. K. H. Karpat, *Ottoman Population, 1830-1914: Demographic and Social Characteristics*, University of Wisconsin Press, 1985, p. 9.

⁴⁴ C. Behar, “Ottoman Population Statistics and Modernization After 1831”, eds. H. İnalçık, Ş. Pamuk, *Data and Statistics*, *op. cit.*, pp. 62-72.

⁴⁵ I. M. Wallerstein, “The Ottoman Empire and the Capitalist World-Economy: Some Questions for Research”, *Fernand Braudel Center*, 3.2 (1979), pp. 389-398.

I. Wallerstein, H. Decdeli, R. Kasaba, “*The incorporation of the Ottoman Empire into the world-economy*” ed. H. İslamoğlu-İnan, *The Ottoman Empire and the World-Economy*, Cambridge University Press, 1987.

R. Kasaba, *The Ottoman Empire and the World Economy: the 19th century*, (SUNY Series in Middle Eastern Studies), Albany, State University of New York, 1988.

Ş. Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913. Trade, investment and production*, Cambridge, London, New York, 1987.

K. Brégianni, “The Ottoman Empire and the West in the middle of the 19th century: Greek bankers and merchants in Istanbul, observed by Andreas Syngros in his autobiography”, ed. G. Depeyrot, *Documents and Studies on 19th Century Monetary History*, Moneta, Wetteren, 2014, pp. 37-48.

⁴⁶ K. Boratav, *The Economic History of Turkey 1908-1985*, İstanbul, Gerçek Yayınevi, 1988, in Turkish.

İ. Cem, *The history of under-development in Turkey*, Can Yayınları, 1999, in Turkish.

S. Yerasimos, *Turquie: processus d’un sous-développement*, Paris, 1973.

⁴⁷ A. Desrosières, « Décrire l’État ou explorer la société : les deux sources de la statistique publique », *Genèses*, 58.1 (2005).

The first regulation on population censuses followed the military reforms at the beginning of the century.⁴⁸ The population registers and the “Registrar's Office” were created between 1829 and 1831.⁴⁹ The 1831-1838 census was the first intended at establishing the number of adult males (instead of households) to gather information for the new army and fiscal resources.⁵⁰ The administrative reforms (Vilayet Law, reorganization of administrative-judicial units, establishment of municipal system, etc.), establishment of the Council of State (1867) then the first Constitutional experience (1876-8), went together with population census trials and attempts (starting from 1844), efforts for the establishment of Ottoman id cards (first in 1866) and the reorganization of population registries and books in the 1870s.⁵¹ Furthermore, statistical figures became highly political in the context of French, British and Russian imperialism. Karpat gives various examples of statistical claims which manipulated the numbers to advocate the territorial or nationalist demands of certain ethnic/religious groups.⁵² These developments as well as the experience of Berlin Congress (1878), urged the Ottoman State to reassess its census methods requiring information on an individual basis. Particularly between 1879 and 1881, various measures and regulations reorganized the quantification policies including the establishment of sub-provincial statistical offices.⁵³ The official registries started to target individuals of all age and sex. Special attention was paid to exhaustive census-taking, but despite efforts, the underreporting of the population persisted due to various factors such as difficulties in communication (linguistic problems) or registering nomadic tribes and isolated individuals in rural areas and the resistance to the census practices.⁵⁴ The statistical lists prepared and reported to various ministries by the sub-provincial offices as well as the results of the general census that followed the 1901 population regulation served as the source of reference for the new Turkish State.⁵⁵

⁴⁸ Z. Toprak, “The First Population Census in the Republican Ankara (Trial Census – 1927)”, *Ankara Dergisi*, 1.2 (1991), pp. 57-66, in Turkish.

⁴⁹ The population officials in the *kazas* (a sub administrative unit composed of districts) were required to register all births, deaths, and migrations and report to the Registrar's Office in Istanbul. As the Office was later abolished the provincial offices reported first to the Office of Property Surveys then to the Military Affairs Office, until the establishment of a General Population Administration attached to the Ministry of Interior in 1881-82. K. H. Karpat, *Ottoman Population*, *op. cit.* pp.19-20; 28-9.

⁵⁰ E. Z. Karal, *First Population Census*, *op. cit.*

⁵¹ K. H. Karpat, *Ottoman Population*, *op. cit.* Z. Toprak, “The First Population Census”, *op. cit.*

⁵² His examples suggest that statistics served as an instrument of Western influence in nationalist movements which led to the Balkan independence. K. H. Karpat, *Ottoman Population*, *op. cit.*

⁵³ F. M. Gocek, M. S. Hanioglu, “Western Knowledge”, *op. cit.* pp. 9-10.

Z. Toprak, “The First Population Census”, *op. cit.*

⁵⁴ K. H. Karpat, *Ottoman Population*, *op. cit.* p.10.

⁵⁵ Z. Toprak, “The First Population Census”, *op. cit.*

Especially from the second half of the 19th century onwards, as in many other administrative domains “westernized” intellectuals and foreigners were hired to head or advise quantification policies and activities.⁵⁶ In particular, Russian⁵⁷, French⁵⁸ and American⁵⁹ experts administered statistical departments. These units sent their officers to England and France to study new techniques.⁶⁰ Ottoman delegates participated in international statistical conferences and became members of the ISI and IIA.⁶¹ They were among the seventeen States that first signed the international Meter Convention in 1875.⁶² Both the international and the traditional units stayed in use until the prohibition of the former in 1933.

The State adopted new quantification policies not only in demography, but also in other domains such as trade, agriculture, industry, public finance or education.⁶³ It first started to publish foreign trade statistics at the end of 1870s and compiled other census results in the form of Yearbooks in 1890s as in other census-taking countries.⁶⁴

Since the resources required and received varied among departments of the State, which lost its sovereignty over its finances after declaring a moratorium on debt payments in 1876⁶⁵, not all of the quantification policies achieved systematic, exhaustive results. In fact, Boratav observed that “The dependent and semi-colonial status of the Ottoman Empire had resulted in relatively developed statistical systems on external trade and foreign debts, whereas elementary

⁵⁶ F. M. Gocek, M. S. Hanioglu, “Western Knowledge”, *op. cit.* p. 9. K. H. Karpat, *Ottoman Population, op. cit.*, pp. 30-44. For a case study see, for instance, M. Suonpää, “Foreign Advisers and Modernisation before the First World War: British Diplomacy, Sir Richard Crawford, and the Reform of the Ottoman Empire’s Customs Service, 1906–11.” *The International History Review*, 37.2 (2015), pp. 386–404.

⁵⁷ Head of the statistical department established in 1875 under the Ministry of Commerce. Z. Toprak, “Quantification in the Ottoman State or the Birth of Modern Statistics”, eds. H. İnalçık, Ş. Pamuk, *Data and Statistics, op. cit.* pp. 95-112.

⁵⁸ The Sultan hired M. Bolland in 1878 to investigate the census system. S. J. Shaw, “The Ottoman Census System and Population, 1831–1914”, *International Journal of Middle East Studies*, 9.3 (1978), p. 330.

⁵⁹ M. Robert chaired the Ottoman Statistical Office between 1903 and 1907. K. H. Karpat, *Ottoman Population, op. cit.* p. 44.

⁶⁰ F. M. Gocek, M. S. Hanioglu, “Western Knowledge”, *op. cit.* p. 12.

⁶¹ International Institute of Agriculture. *The International Institute of Agriculture: Its Organization - Its Work - Its Results*. Roma, Printing Office of the Institute, 1915. According to Gagnon the ISI also had a Turkish member as of 1886. M. A. Gagnon, « Les réseaux de l’internationalisme statistique (1885-1914) », eds. J. P. Beaud, J. G. Prévost, *L’ère du chiffre : Systèmes statistiques et traditions nationales*, Sillery, Presses de l’Université du Québec, 2000, p. 194.

⁶² Bureau International des poids et mesures, <https://www.bipm.org/en/about-us/member-states/tr/>

⁶³ Z. Toprak, “Quantification in the Ottoman State”, *op. cit.*

⁶⁴ T. Güran, “The First Ottoman Statistical Yearbook Dated 1897”, eds. H. İnalçık, Ş. Pamuk, *Data and Statistics, op. cit.* pp. 165-179.

K. H. Karpat, *Ottoman Population, op. cit.*

⁶⁵ The Ottoman Public Debt Administration, a transnational council whose foreign members were chosen by the creditor banks and bondholders took over the administration of around one third of State revenues.

M. Birdal, *The Political Economy of Ottoman Public Debt: Insolvency and European Financial Control in the Late Nineteenth Century*, Tauris Academic Studies, Palgrave Macmillan, 2010.

quantitative information on the state of the nation was lacking.”⁶⁶ As many scholars remarked, statistics proved to be a site of political struggle not only during the fall of the Ottoman Empire, but also the proclamation of the new Turkish State.⁶⁷

In the second half of 1925 the Turkish Government invited the Belgian demographer Camille Jacquart to set up and head a Central Statistical Office in Ankara.⁶⁸ The Office was established in early 1926 as one of the first institutions founded in the Republican period and Jacquart was appointed as its first director by the Decree of the Prime Minister.⁶⁹

Doctor of law, Jacquart (1867-1931) started his career in journalism (1889-98), later moved to the Administration of Statistics and Electoral Affairs of the Ministry of the Interior as a civil servant (1898-1913), then a director (1913-1919) and the director-general (1919-1929). While working in public administration, he served as an expert and a technical advisor for the Government to conduct studies or other missions. He also taught statistics and commercial law at the *École supérieure commerciale et consulaire de Mons* and the Catholic University of Leuven.⁷⁰ He contributed to the literature on statistical sciences through his numerous publications.⁷¹

⁶⁶ K. Boratav, “Kemalist Economic Policies and Etatism”, eds. A. Kazancıgil, E. Özbudun, *Atatürk: Founder of a Modern State*, Hamden, Archon Books, 1981, p. 166.

⁶⁷ F. Dündar, « Compter, classer, contrôler », *Turcica*, 37 (2005), pp. 187-220.

K. H. Karpat, *Ottoman Population*, *op. cit.*

Id., “Ottoman Population Records and the Census of 1881/82–1893”, *International Journal of Middle East Studies*, 9.2 (1978), pp. 237–274.

S. J. Shaw, “The Ottoman Census”, *op. cit.*

Z. Toprak, “Quantification in the Ottoman State”, *op. Cit*

M. Zamir, “Population Statistics of the Ottoman Empire in 1914 and 1919”, *Middle Eastern Studies*, 17.1 (1981), pp. 85–106.

⁶⁸ Republic of Turkey Prime Ministry Archives (BCA), 030.18.1.1/ 14-40-16.

⁶⁹ According to our research the Decree was promulgated in the Official Gazette (no. 388) of 2nd June 1926 (p. 2). However, there are different dates noted in the literature, which might be due to the contradicting information on the TUIK’s web-site. According to the history page in Turkish, it was established by the Decree no. 3517 on 26 February 1926; but the English version dates it to 25th April 1926. Jacquart took office at the end of March 1926 (BCA 030.10/1149/12.71.47). The construction of Turkish Statistical Office by Jacquart is not much studied except S. Yildirim, “Belgian demographer and statistician Camille Jacquart and the construction of modern statistics in Turkey”, *Modern Türklük Araştırmaları Dergisi*, 7.1 (2010), pp. 8-36, in Turkish.

⁷⁰ A. Dufranse, « Camille Jacquart », ed. Académie Royale de Belgique, *Biographie nationale*, Tome 39, Bruxelles, 1976, pp. 471-478.

TUIK, “Former Presidents”, <http://www.turkstat.gov.tr/UstMenu.do?metod=eskibaskan> [accessed July 2017].

⁷¹ For instance: C. Jacquart, *Le Commerce extérieur de la Belgique avant et après la guerre: Etude de statistique commerciale...*, Van Campenhout, 1922.

Id., *Le divorce et la séparation de corps. Essais de statistique morale*, Vol. 2. Dewitt, 1909.

Id., *Le Suicide. Essais de Statistique Morale*, Vol. 1, A. Dewit, 1908.

Id., *Statistique et science sociale: Aperçus généraux...* Desclée de Brouwer, 1907.

Id., *La mortalité infantile dans les Flandres: étude de démographie belge*, A. Dewit, 1907.

Id., *Migrations de la population belge (1888-1897)*, Louvain, Institut Supérieur de Philosophie, 1899.

Jacquart was also a prominent international figure. He was a member of the International Statistical Institute (ISI) and the International Institute of Commerce at Brussels. He represented the latter in the International Statistical Commission (see previous section) and played an active role in the preparation of the Conference for International Cooperation in Statistics in 1920 as well as of the initiatives and policies for that purpose (1919-1920).⁷² He participated to international conferences and studies of League's other divisions as well, in particular the Health Committee (1925).⁷³

Regarding the question why Turkish state actors hired Jacquart for this mission, Dündar also not finding any information in Turkish archives, proposed the hypothesis that they privileged the Belgian statistical approach on the survey of spoken language relating to the question of minorities.⁷⁴ At this point, there isn't sufficient evidence to explain why an international expert instead of a local one, or whether there was a political bias in favour of a Belgian rather than a French, British, German or an American, as contrary to their influence (or the brief military occupation of the first two) there has never been a public discussion about making Turkey a Belgian mandate.⁷⁵ His biography published by *Académie Royale de Belgique* indicates that Kemal Pasha (Turkey's President), on the advice of the ISI, asked the Belgian Government to lend them an official capable of the task. They appointed Jacquart. We consider that his training, publications, professional experience, reputation and network (cultural, symbolic and social capitals) which assigned him the position of expert at the intersection of the fields of public administration and quantification policies played a role in this process.⁷⁶ In any case, hence regardless of the Turkish governmental actors' intention, their efforts and the international expert field coincided at this point, where Jacquart was positioned.

⁷² League Archives; R290 10 80 and 10 678.

⁷³ League Archives; Comité d'Hygiène, Le Communiqué au Conseil et aux Membres de la Société, 1925, C-647-M-236-1925-III.

⁷⁴ F. Dündar, « Compter, classer », *op. cit.*

⁷⁵ F. Ahmad. *The Making of Modern Turkey*, 3rd ed., Routledge, 1994.

O. Aytepe, "The Mandate question in the national struggle and Mustafa Kemal's approach", *Ankara Üniversitesi Türk İnkılap Tarihi Enstitüsü Atatürk Yolu Dergisi*, 6.24 (1999), in Turkish.

K. Kasalak, "Discussions on mandate and patronage in the Turkish press and the correspondences between the commanders before the Sivas Congress", *Atatürk Yolu* (1992), p. 10, in Turkish.

⁷⁶ For an analysis of the market of international expertise, see: Y. Dezalay, « Les courtiers de l'international. Héritiers cosmopolites, mercenaires de l'impérialisme et missionnaires de l'universel », *Actes de la recherche en sciences sociales*, 1.151-152 (2004), pp. 4-35.

3. *The first contacts between the EFS and the Office: the start of a negotiation for Turkey's statistical integration*

i *From expert to expert, an invitation for technical cooperation*

The first contact of the EFS with Jacquart was a two paged letter dated December 14th, 1926, which was stamped by Loveday (unsigned) as the Head of Economic Documentation Service.⁷⁷

Dear Monsieur Jacquart,

I learned from Mr. Manrette, head of the Research Division at the International Labor Office, you are at Angora, in charge of the reorganization of Statistics in Turkey.

Knowing your interest in statistical work, I would like to ask you to kindly lend us your valuable assistance with regard to the statistical data on Turkey.

I have the honor to draw your attention to one of our periodical publications, the Monthly Bulletin of Statistics, of which you will find an attached example.

This Bulletin, which is published regularly every month since 1920, summarizes in a concise form the economic situation of most of the world's major trading countries. It contains, as you will notice, the monthly statistics on the production of coal, iron and steel, on the imports and exports, shipping movements, price fluctuations, gold reserves and currency circulation, exchange rates and discount rates, etc. The statistics relate to about fifty countries, most of which regularly send us information each month by telegram or letter.

I enclose a copy of the monthly questionnaire by which the various Governments send us their statistics, which are coordinated and published in Geneva.

I take the liberty of drawing your attention to the fact that it has been quite recently possible for us to publish the series on the value of import and export trade for Palestine, Syria and Lebanon, and I hope to be able to publish soon bi-monthly statistics for Iraq as well.

We regret that we are unable to publish statistics for Turkey and we are keen to fill this gap in our statistics. I would be very grateful if you would inform me if you can provide us with some of the information on a regular basis and thus cooperate in this endeavor. I would be very happy to be able to join Turkey with the list of countries on which economic information is published.

Please accept, Monsieur Jacquart, the assurance of my highest consideration.

Head of Economic Documentation Service

A. Loveday [stamped]

Manrette, mentioned at the beginning of the letter, was no other than the French sociologist, geographer and economist Fernand Maurette (1879-1937), who served as the director of ILO's Research Division between 1924 and 1935. This reference, underlining the information flow between actors of these two intertwined international organizations – both invested in

⁷⁷ League Archives; R351 10 56101 12361. The study refers to the signing party as the author of the letter even though the corrected drafts found in League's archive folders indicate that it might well be secretaries or other officials who wrote the letters to be signed by a chief.

international quantification – emphasizes the strong networking logic in the field of international quantification policies. It also informs about Jacquart’s social capital.

Indeed Loveday did not contact the Turkish Statistical Office, but specifically Jacquart after learning that he was heading the Office in Angora (a former French rendering of Ankara). He also underlined in his letter that he was asking for Jacquart’s cooperation knowing his interest in statistical work. Jacquart’s background and position in the field, a probable reason of his employment by the Turkish Government to form and lead the Central Office, obviously contributed in building dialogue between the two institutions. Furthermore their previous common activity for international cooperation granted a certain legitimacy to Loveday’s request as he introduced two statistical products – the Monthly Bulletin of Statistics and the monthly questionnaire – and asked for his cooperation, “*collaborer ainsi à cette entreprise*”. In fact, with his role in the preparation of the Conference for International Cooperation in Statistics (1920), Jacquart was already part of the international cooperation project for world statistics.

Loveday informed on the objective and content of the two documents that he enclosed. The monthly questionnaire was the tool for gathering data from different countries in a precise standard form. In this framework, it was an instrument for orienting national statistical institutions and shaping quantification policies by indicating which data were relevant, in which way and through which units they should be represented, etc. EFS’s invitation also provided instructions regarding the formalities as part of general operation procedures. Once filled, the questionnaire was to be transmitted to the EFS, the central Geneva Office, “each month by telegram or letter”. Demanding assimilated data at a fixed date – two elements of standardization – this invitation letter in itself was one step in the internationalization and coordination of national statistics.

Introducing the Monthly Bulletin as a regular publication, this EFS’s first letter not only emphasized a statistical language capable of summarizing “the economic situation of countries in a concise form”, but also defined a limited number of key variables that related to each other to form a certain conception of economy.⁷⁸ National statistics presented through commercial circuits and financial connections depicted an interconnected world economy⁷⁹: import and export statistics connecting the production and trade of countries with each other, exchange

⁷⁸ For the statistical elaboration of conceptions of economy in the inter-war period, see A. J. Tooze, *Statistics and the German State*, *op. cit.*

⁷⁹ For a discussion on the “economy” as an invention of the 20th century built out of a series of competing projects “to establish metrological regimes, based upon new technologies of organization, measurement, calculation, and representation”, see: T. Mitchell, “Rethinking Economy”, *Geoforum*, 39.3 (2008), pp. 1116–21.

rates and gold reserves statistics connecting national price levels and currencies, and shipping movements depicting webs of global connections. It situated countries, positioned them in a world market according to their economic resources and invited them to compare themselves and compete with others.

In fact, EFS's statistical program defined the capacity of a state to represent itself quantitatively as a form of capital and projected a political and economic system of modern states according to these self-representations. A hierarchical order came out in consequence, with "most of the world's major trading countries" already part of this community, alongside those who were not (yet), or those of which "it has been only recently possible" to publish trade series. As example for the latter group, EFS's letter mentioned statistics of Palestine, Syria and Lebanon, and Iraq, while referring to Turkish statistics as a gap ("*lacune*") to be filled. These examples were not arbitrary but from a certain geography, denoting very political, regional categories. These countries were, as Turkey, part of what was once the Turkish Empire as the League calls it in the Covenant and were all subject to the League's mandate system as defined by the Article 22, which initially covered Turkey as well.⁸⁰ By these examples, the EFS assigned Turkey a place in a world system, designed by international pacts and treaties, and consolidated by numbers.

This invitation letter, which was the first correspondence we found in related archive folders, consisted of a standard and a personalized part. The first presented the project of uniformizing and compiling quantitative information on the world's states "economic" situation, its product (Monthly Bulletin), tool (Monthly questionnaire) and instructions about general procedures. The letter was also personalized, directly referring to Jacquart as an acquaintance, an actor of the field, and situating Turkey in a political world order.

ii Jacquart's response: Ce n'est pas une petite affaire

A month later on January 12th, 1927 Jacquart responded to Loveday with a letter, which was received in registry on February 25th, 1927⁸¹ indicating that the postal services required approximately one month for delivery. This first letter of Jacquart was handwritten, while all others (his following and the League's) were typed.

⁸⁰ "Certain communities formerly belonging to the Turkish Empire have reached a stage of development where their existence as independent nations can be provisionally recognized subject to the rendering of administrative advice and assistance by a Mandatory until such time as they are able to stand alone". League of Nations, "Covenant of the League of Nations", 28.4.1919, available at: The Avalon Project, Lillian Goldman Law Library; http://avalon.law.yale.edu/20th_century/leagcov.asp

⁸¹ League Archives; R351 10 56101 12361.

Dear Monsieur Loveday

In response to your letter of 14 December, I have the honor to inform you that for almost all of the points contained in the monthly questionnaire that accompanied your letter, it is impossible in the current conditions of statistical work in Turkey to provide the statistical information requested. The published monthly foreign trade statistics appear with delays of several months and still irregularly. As you know, I am responsible for the reorganization of Turkey's statistics. This is no small affair and it will take some effort to establish regular monthly statistics.

I shall not fail to report to the League of Nations when it will be possible, and I am also eager to see Turkey included in your Monthly Bulletin. I will be happy to receive your Monthly Bulletin for my personal instruction and for the collections of the Central Statistical Office that I lead here. Please receive dear Monsieur with my best memories the assurance of my very distinguished considerations.

Camille Jacquart [signature]

By this letter Jacquart confirmed 1) his mission to organize Turkey's statistics; 2) his acquaintance with Loveday; 3) and his involvement in international statistical work. His interest in the Monthly Bulletin was clear as he asked for two copies. Assuring the EFS that he would send requested information when possible, Jacquart engaged the Office in exchange of documents with the League and committed to cooperation, which was important because without his reciprocal effort, internationalization of Turkish data wouldn't be possible.

The Turkish Government's decision to hire an international expert such as Jacquart instead of a local statistician was a strategic choice.⁸² Not only his technical knowledge, but his symbolic and social capital, in particular his reputation and connections in the field of international quantification policies, made possible to constitute the statistical Office in dialogue with major international actors. Reinforcing, on one hand, Turkey's symbolic capital in the international system of modern states of which it aspired to be part of; on the other hand, it highlighted its deficiencies.

Jacquart's letter informed about the existing conditions of statistical work in Turkey, which did not allow him at the time to provide the requested information underlining that reorganizing Turkey's statistics was not an easy task. He only referred to the state of foreign trade statistics, probably because they were the only economic data being published, though irregularly.

⁸² These kind of policies of hiring European and North American experts to provide professional services in less powerful countries in their efforts to integrate into the international system are problematized by Rosenbergs. This trend especially from the start of the 20th century characterized, according to the authors, a transition from colonial administrations to "private" professional relationships based on liberal capitalist "contract", which "unlike older, paternalistic arrangements based on status, seemed to be legitimated by mutual consent". E. S. Rosenberg, N. L. Rosenberg, "From Colonialism to Professionalism: The Public-Private Dynamic in United States Foreign Financial Advising, 1898-1929", *The Journal of American History*, 74.1 (1987), pp. 59-82. See also: T. Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity*, University of California Press, 2002.

In fact this letter highlighted that reporting statistics for international quantification purposes such as the EFS's, required quite an organization and discipline. Trained personnel of related state institutions had to periodically gather, systematically register and regularly report data in a standardized format on a monthly basis without any delays. It required norms, rules, training, establishing regularities and it took effort. Jacquart's duty involved their formalization according to a certain rationale – an international system.

International quantification activities and policies played a productive role in the construction, organization and reshaping of national policies by suggesting which data was useful and through which methods it should be organized (as did the monthly questionnaire); by providing models and examples (Monthly Bulletin); and encouraging technical cooperation. Yet they depended on national policies, i.e. the development of modern State statistics.⁸³ They used data from non governmental or private actors when they could; for instance they asked for the exchange rates of the Turkish lira to the Ottoman Bank, a private joint venture which had the privilege to act as Turkey's central bank at the time.⁸⁴ But for other statistics, EFS was to wait until Jacquart did his job to share data in conformity with EFS's international standards.

This letter indicated that the rationalization of the state institutions to form a Weberian “modern” state⁸⁵ was still an unfinished project since the proclamation of the Republic in 1923. Even though Turkey inherited a bureaucratic political organization from the Ottoman Empire, it was a different kind of discipline and governmentality that the state-building process had to enhance to renegotiate its place in the international political and economic system. In this struggle the state actors continued (as in the Ottoman era) to hire European and American experts and advisors⁸⁶ to import “state expertise”⁸⁷ and legitimate Turkey's claims for a more competitive position.

The formation of an international system was facilitated by the circulation of international experts such as Jacquart. In that sense, both international and national construction processes

⁸³ For a counter argument based on a study of the IIA, see F. d'Onofrio, “Agricultural numbers: the statistics of the International Institute of Agriculture in the Interwar period”, *Agricultural History Review* 65.2 (2017), pp. 277-296.

⁸⁴ League archives, 7, C1791, No1(2)2734.

⁸⁵ M. Weber, *Economy and Society: An Outline of Interpretive Sociology*, ed. G. Roth, C. Wittich, vol. 1–2, Univ. of California Press, 1978.

⁸⁶ A counter-strategy they followed was working with Soviet experts. A. Dogan, “From Soviet to American Development Model: Role of Transnational Actors, Economic Expertise and Knowledge Transfer in the Economic (Re)Construction of Turkey”, Workshop paper, *Transnational relations between Eastern Europe/USSR and the Middle East. New perspectives on the Cold War*, University of Geneva, 2018.

⁸⁷ Regarding import/export processes of State knowledge see: Y. Dezalay, B. G. Garth, “Hegemonic Battles, Professional Rivalries, and the International Division of Labor in the Market for the Import and Export of State-Governing Expertise”, *International Political Sociology*, 5.3 (2011), pp. 276–93.

reinforced each other, even if the actors involved did not necessarily have such a purpose. While further research is required to understand whether there was more of cooperation or resistance on the Turkish side, the next section shares official state documents that give insights on the approach and aspirations of Turkish state actors regarding quantification policies and activities.

4. *Sharing state documents: Turkey's reorganization of statistics and claim for modernity*

Loveday responded to Jacquart's letter of 12th January one month later on 14th February. But in between Jacquart wrote another letter on February 8, 1927⁸⁸, by which he sent to the EFS two official documents: the decisions regarding the organization of a general population census and the creation of the Central Statistical Office and the related Decree. This section first examines the letter, then its attachments.

Monsieur Director and dear colleague;

I have the honor to send you the attached documents concerning the reorganization of administrative statistics in Turkey.

Called by the Turkish Government to head the Central Statistical Office at Angora, I shall be very happy if consistent relations could establish between us.

Until the new Office can offer you the exchange of its publications with those of your Office, I would be very grateful if you could give one or more of your publications to the Office, and in particular, a Statistical Yearbook.

Please accept, Mr. Director and dear Colleague, the assurance of my most distinguished consideration.

The Director General

Camille Jacquart [signature]

Jacquart referred to Loveday as the Director and a colleague. They were indeed part of a common endeavor. Members of the same scientific community, they undertook different missions, but operated from the same epistemological foundation. They communicated in the same language and acted upon common beliefs, but they had different interests and resources. In this letter, Jacquart underlined his position as the head of Turkish Statistical Office and signed as the director general.

Jacquart's insistence in this letter on establishing consistent relations, which would be based on an exchange principle, indicated the Turkish Government's will and commitment for technical cooperation as well. The particularity of this letter was that it included state documents that Jacquart could not possibly have shared without the authorization of high degree governmental actors such as the Prime Minister or the President, Mustafa Kemal. Whether Jacquart

⁸⁸ League Archives; R1792 49 57662.

recommended that and asked for their permission, or if it was their idea will remain an unanswered question for this study, but most probably they contributed in or at least controlled the letter. In any case there was a rush on the Turkish side, they did not wait first for the EFS's answer to Jacquart's previous letter.

Although no statistics were shared at this moment (until the end of 1927), sending official documents that the League wouldn't have accessed otherwise validated the exchange process. Jacquart also committed to sending future publications asking for the League's, and referred in particular to the Statistical Yearbook. While it was a publication project in preparation and was not mentioned by Loveday, Jacquart knew about it.

The annexed documents were typed in French, but contrary to Jacquart's letters with orthographic and syntax errors.⁸⁹ They were most probably configured and written by (a) non native French speaker(s), which doesn't necessarily mean that Jacquart did not have any role in their construction.

i The legal framework of the Office and the role of governmental actors in international cooperation

The included Decree was a translation of the initial 1926 Act that established the Central Statistical Office.

The Decree

Concerning the creation of a Central Office of Statistics

I.- There is created at the Presidency of the Council a Central Statistical Office constituted as an autonomous service under the authority of the President of the Council and under the direction of a Chief appointed by him.

II.- The Central Office's general mission is to study, propose and apply the measures necessary to provide Turkey in all fields with statistical documentation based on scientific methods.

For this purpose it may in particular:

a- Be charged by the President of the Council to collect statistical data of general interest which are not established by other Administrations.

b- Be responsible for the processing of statistical documents collected by other authorities, in agreement with the authorities.

c- Propose modifications to the methods currently followed for the compilation of statistics by the different ministerial departments and other authorities.

The latter are required to reply to this effect to the request for information and to the communication of documents sent to them by the Office. Only the communication of

⁸⁹ My translation doesn't reflect most of these errors.

military documents cannot take place without the consent of the President of the Council and the concerned Ministers.

III.- The President of the Council will eventually submit to the Council of Ministers the proposals that would be made by the Office to entrust the latter with the compilation of the statistics which are at the moment being established by one of the departments of the Ministry. If the Council of Ministers accepts the proposal, the administrative staff responsible for this work will be incorporated into the Central Office.

IV.- The general censuses of the population will be prepared by the Office, in agreement with the Minister of the Interior and the other concerned departments.

The documents will be collected and processed by the Office and the results published by it.

V.- The Office will be responsible for establishing the statistics of the annual movement of the population, births, marriages, deaths, migrations, as well as general statistics concerning the economic and health status of the country as soon as they can be drawn up on certain data.

VI.- The results of the work of the Office shall be published to the extent deemed useful by the President of the Council.

VII.- The Director of the Office is appointed by Decree of the President of the Council. He is responsible for the operation of the Office, directs its work and the Staff.

He represents the Office externally.

VIII.- The Director of the Office shall correspond directly with the Authorities to obtain the information and documents necessary for carrying out the work program described above. He also corresponds with the heads of the statistical offices of foreign countries for the exchange of documents and the gathering of information useful to the Ministries and the Service. All correspondence of this nature will be submitted in advance to the President of the Council.

IX.- A decree of the President of the Council will determine the internal organization of the Office and the composition of the Staff.

X.- A Statistical Commission shall be set up at the Office, composed in particular of representatives of the different Ministries, whose opinion may be requested by the President of the Council on the proposals of the Director of the Office relating either to changes of method in the establishment of statistics of a department or to the collection of new statistics. The composition and organization of the Commission will be regulated by a decree deliberated in the Council of Ministers.

XI.- Officials and employees of the Office are bound to observe absolute secrecy with regard to data and information of a private and individual nature which they have collected in the exercise of their functions.

Any breach of this rule would be considered a great breach of discipline and severely punished.

(Signed by the President of the Republic and all Ministers)

[no signature]

The Office was established as an autonomous unit, with specific objectives and responsibilities, and certain privileges especially when these were overlapping with other state institutions with the exception of that in charge of military documents. While the Office was granted with the possibility of making changes in methods, procedures and tools regarding all statistical work in

all state departments, this process was closely supervised by the Council of Ministers and its President (the Prime Minister).⁹⁰ A particular “Statistical Commission” composed of representatives of different Ministries was to advise the PM when he required their opinion regarding the Office’s proposals intending changes in quantification policies. Hence two technocratic units – the Office and the Commission – were established to guide public policy in this field under the supervision of one of the two most powerful elected governmental actors. Another major actor of the elected government, the Council of Ministers was to approve changes that were to enlarge the responsibility and authority of the Office such as the incorporation of statistical work and the responsible staff initially attached to other ministerial departments. The Office also needed the agreement of the Interior Minister and other concerned departments to prepare and proceed into a general census. The centralization of state statistics in a single Office was hence conducted by the Office itself and the Government.

As for international affairs, the Decree projected the Office’s external representation in utilitarian terms, as subject to close central supervision and suggesting intergovernmental relations rather than international cooperation. No mention was made of international organizations’ quantification activities which might have been otherwise considered useful as well according to this utilitarian approach. The idea of international cooperation for statistical work was not addressed at all.

The Decree assigned the Director the responsibility of representing the Office: “*Il représente l’Office au dehors*”. However it restricted this capacity for the purpose of exchanging documents and gathering useful information and required the approval of the PM before each and every correspondence. It meant that all of Jacquart’s letters were first read, approved, and probably adjusted by the Prime Minister, Ismet (Inönü⁹¹). Even though not regulated by the law, in practice the President Mustafa Kemal must also have monitored the letters and the whole

⁹⁰ The 1924 constitution (in law until 1961 constitution) attributed legislative power to the Grand National Assembly (composed of only elected male members until 1934). As for executive power, the Assembly elected the President of the Republic as the “head of the State”. He designated the Prime Minister, that is the President of the Cabinet, who chose the Cabinet members (the ministers) likewise from among the deputies, by presenting a list to the Assembly after obtaining the approval of the President of the Republic. The Government presented its program to the Assembly and asked for a vote of confidence. Between March 1925 and November 1927 the Government was presided by Ismet Pacha, while since 1923 Mustafa Kemal was the President of the Republic.

⁹¹ Mustafa Kemal gave him this surname with the adoption of Surname Law in June 1934 (in reference to the battlefield he commanded during *Kurtuluş Savaşı*).

process, considering his position⁹², his relationship with Ismet Pacha⁹³, and his attitudes and strategies in general⁹⁴.

A conclusion is that the interactions with the EFS also implicated elected state actors. In this regard, they contributed (at least indirectly) to the process of technical cooperation and internationalization of national statistics, which constituted an important part of the League's technical activities. Thus in Turkey's case, not only bureaucratic-scientific actors – who, in this example, was an international expert as well – but also the executive branch had a role to play, even though very small, in League's activities in the field of international quantification policies and particularly in the construction of the system of international economic statistics.

ii National construction, state-building and the general census project of the new Republic

The document entitled “*Turquie – Recensement de la population – Création d’un Office Central de Statistique*” announced a general population census to be realized in the coming months of 1927 and emphasized the centralization and rationalization of State statistics through the establishment of a Central Office in this framework.

Turkey - Population census - Creation of a Central Office of Statistics.

The Government of the Turkish Republic has decided to have a general census of the population carried out this year.

The organization of this operation was entrusted to the newly created Central Statistical Office in Angora, which is headed by Mr. CAMILLE JACQUART, a member of the International Institute of Statistics.

As a trial census will held in Angora on January 14, the government considered it useful to bring together all the senior government staff; Ministers, deputies, senior officials, to explain to them the importance of the proposed operation and to call on their assistance.

At the same time, this assembly was to constitute the starting point for a propaganda in order to interest and initiate all classes of the population to the census.

The meeting took place on January 4th. Ismet Pasha, the President of the Council himself explained the usefulness and necessity of the census for Turkey. He emphasized the vital interest and special reasons for a country to have accurate data on the population, and clearly stated that the government is most keen to collect as accurate data as possible.

"We want to establish the exact number of inhabitants," said the President of the Council, "not one more not one less".

⁹² A. Mango, *Ataturk*, Hachette UK, 2011.

M. Ş. Hanioglu, *Atatürk: An Intellectual Biography*, Princeton University Press, 2011.

⁹³ Ş. S. Aydemir, *İkinci Adam*, Vol. 1, Remzi Kitabevi, 1966.

⁹⁴ F. Ahmad, *The Making of Modern Turkey*, 3rd ed., Routledge, 1994.

B. Lewis, *The Emergence of Modern Turkey*, Oxford University Press, 2002.

E. J. Zürcher, *Turkey: A Modern History*, 3rd ed., I.B.Tauris, 2004.

Ismet Pasha took the opportunity to develop a whole governmental program of reorganization of statistics in general and to outline the role of the newly created Central Office.

The Office has been set up to perfect the statistics which we already possess to establish those which we lack, including accurate and complete records of the population, which are the indispensable basis of other statistics, and a means of assessing their significance.

The Office is also responsible for monitoring and coordinating the statistics currently produced by the ministerial departments, indicating the rational methods to be adopted to make them as accurate and as useful as possible.

The Office is also called upon to establish a single center of management for the statistical work of the administration, ensuring in this work the uniformity and the scientific and practical value of methods.

As staff can be recruited and trained, the Office will be in a position to prepare itself all the statistics of general interest, all those which exceed in importance and utility the service [of the unit] which assembles the elements or those which present a technical and special difficulty.

We will thus gradually replace the current dispersion of statistical work in the different ministerial departments, concentrating this work in an office where it will be entrusted to a specialized staff, having acquired by study and by practice the particular capacities required for the development of statistics.

I do not need to insist on an assembly such as this one about the necessity of possessing statistics, that are, accurate, clear and precise numerical records in all the fields in which the action of the government must exercise.

We feel every day this need for information and documentation. But it must be remarked that any table established without reflection and without methods by persons who are not apt and who often do not themselves possess the information which they are asked to record in a frame; these tables are not statistics. They lack two things: They do not represent the reality, because they are inaccurate and they are not usable because by analyzing them we perceive that they do not bring the light sought, but doubt and confusion.

It is still an aptitude required of those who want to take care of the statistical work; the one that allows us to analyze the numerical data, to bring out the exact meaning and scope of measuring their value and to draw conclusions with precision and clarity.

You conceive that you cannot leave this instrument of observation in inexperienced hands. You understand the need for a Central Office not only to have good statistics but also to extract from the elaborated statistics all the benefits, all the usefulness that they can present.

Because we do not do statistics for the sole pleasure - if it's a pleasure - to fill large volumes or columns of numbers. While based on scientific methods, statistics have a practical purpose and utility that must never be overlooked.

It is by aspiring to these ideas that the Office could become a veritable observatory of social facts, always at the disposal of the Government to enlighten it on the situation of the country, on the economic and moral conditions of the population, and on the results obtained by institutions of all kinds operating in the general interest. Deeply hoping that these expectations would be realized and that the first important work undertaken by the Office, the general census of the population, would succeed fully with the assistance of the Ministry of the Interior, of all the authorities, and the population.

It is not clear when the text was written, which parts were directly quoted from the Prime Minister Ismet (Inönü)'s speech, which parts were added later and by whom. We might assume that was written between the 4th and 14th of January 1927, that is after the assembly of related state actors where the PM made his speech, but before the trial census.

We learn more about the meeting of the 4th January reading the historian Toprak.⁹⁵ According to his study, Ismet Pasha declared in this meeting that external forces benefited from the lack of reliable demographic statistics, that the earlier censuses were not reliable, and that the population census was a patriotic act, stressing the need to combat the superstitious beliefs that went against the census. Camille Jacquart also made a speech in this meeting, after the PM, he emphasized the importance of population statistics for the government of a country.

The PM's rhetoric denouncing earlier censuses as unreliable elaborated this problem as a weakness for national sovereignty and underlined. He called for action for overcoming the resistance among the citizens of the new State to census-taking. The shared document only treated the first point, and in accordance with Jacquart's comment.

Although the text carefully avoided making any reference to the Ottoman past, it criticized the established tradition of quantification distinguishing between tables of quantified records and statistics. Adopting a narration of lack (see section 2) it characterized the previous registries as inaccurate and unusable (leading to "doubt and confusion"). Statistics as compared to these registries, the text argued, required collection and mobilization of data by competent experts using uniform methods to represent the reality most accurately and precisely in numerical terms. The document described centralization in this framework as the concentration of statistical work in a professional unit equipped by specialized staff and technicians, gradually reducing its dispersion in various departments. Scientificity and practical value – two elements of its rationalization – were emphasized as indispensable for statistical activity, which had to target "all the fields in which the action of the government must exercise" hence first, the population. This description of statistics as a state science and an instrument of governance confirms in a different context Desrosières's observations. Studying the cases of France, Germany, UK and USA he pointed out modern statistics as a recombination of scientific and administrative practices and its connection to the construction of the modern state and its administration.⁹⁶ It

⁹⁵ According to Toprak, the meeting of 4th January was conducted after two trial censuses in January, which is not very likely. Z. Toprak, "The First Population Census in the Republican Ankara (Trial Census – 1927)", *Ankara Dergisi*, 1.2 (1991), pp. 57-66, in Turkish.

⁹⁶ A. Desrosières, *The Politics of Large Numbers: A History of Statistical Reasoning*, (trans. C. Naish), Cambridge, Harvard University Press, 1998, pp. 8-9.

might be argued that it was precisely Turkey's modernization efforts in the image of these countries that led to its reconfiguration of quantification policies as a tool to describe and create a nation. This study argues that they were transforming/adapting an already existing policy instrument by internalizing and speaking a language produced and put into circulation in a western context, like the model of the nation-state itself.⁹⁷ The renewed quantification policies were expected "to establish the exact number of inhabitants" and thus to imagine the nation in quantitative terms.

The document also relied on a social science perspective circulating in international scientific fields. Especially the use of "*faits sociaux*" together with "*les conditions morales*" or "*l'intérêt général*" related to a positivist holistic approach which established the society as its object of scientific inquiry as in Durkheimian sociology, whose influence in Turkey's national construction is underlined by scholars.⁹⁸

Statistics was depicted as a policy tool for a social project, to observe and transform social reality (by top-down policies). This description reposed on the kind of alliance that Ted Porter observed between bureaucratic power and science from the 1820s onward. Scientific actors promoted the "new quantitative social science of statistics" comparing it to physical sciences and associating statistical offices to observatories. Administrators and professionals sought to create information in a coherent and standardized form so that it could be also functional for those who did not participate directly in its production.⁹⁹ The Turkish Office was also expected to "become a veritable observatory of social facts, always at the disposal of the Government".

⁹⁷ Regarding the spread of nation-state form see for instance: B. R. Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, Rev. and extended ed., Verso, 1991.

B. Badie, P. Birnbaum, *Sociologie de l'Etat*, Grasset, 1982.

E. J. Hobsbawm, *Nations and Nationalism Since 1780*, Cambridge University Press, 1992.

⁹⁸ For instance: S. A. Arjomand, "À la recherche de la conscience collective: Durkheim's Ideological Impact in Turkey and Iran", *American Sociologist*, 17 (1982), pp. 94–102.

F. Dündar, *Crime of Numbers: The Role of Statistics in the Armenian Question (1878-1918)*, New Brunswick, Transaction Publishers, 2011.

T. S. Nefes, "Ziya Gökalp's Adaptation of Emile Durkheim's Sociology in his Formulation of the Modern Turkish Nation", *International Sociology*, 28.3, 2013, pp. 335–350.

H. O. Özavcı, "Differing Interpretations of 'la conscience collective' and 'the individual' in Turkey: Émile Durkheim and the Intellectual Origins of the Republic", *Journal of the History of Ideas*, 75.1, 2014, pp. 113–36.

R. F. Spencer, "Culture process and intellectual current: Durkheim and Atatürk", *American Anthropologist*, 60.4 (1958), pp. 640-657.

Ş. Turan. *The Events, Intellectuals and Ideas that Influenced Atatürk's Mindset*, Ankara, Türk Tarih Kurumu Basımevi, 1982, in Turkish.

⁹⁹ T. M. Porter, "Introduction: The Statistical Office as a Social Observatory", *Centaurus*, 49.4 (2007), pp. 258-260.

The document indicated how the organization of a centralized process of census taking went together with the construction of a Central Office which was to rationalize and uniformize quantification activities, policies and instruments of the new State. After all, as Desrosières pointed out, national statistics could be possible only with an exhaustive census.¹⁰⁰ Both processes were depicted as part of the national construction and state-building hence indirectly linked to the claim for national sovereignty. At the same time the decision to appoint an international expert to lead the Office highlighted a strategic internationalism.

The text referred to Jacquart only once, and presented him as a member of the International Statistical Institute. Regarding his background as a demographer, bureaucrat in the Belgian Ministry of the Interior, or expert in various League committees, only his membership to the ISI was emphasized, suggesting that it might have been a criteria in the recruitment process.

The employment of an internationally recognized Belgian expert to head the process echoed the repetitions about the replacement of inaccurate registries by scientific statistical work, the insistence on precision, accuracy and practical value. Proving the reliability of its statistics was a challenge for the new Turkish state which claimed by this text a conversion to an internationally accepted scientific way of compiling state statistics breaking with a deficient past. This narration should be considered as part of its struggle to recoup its sovereignty over its numbers.

In sum, by sending these documents the Turkish State informed the EFS that Jacquart would soon have key statistics to share but also announced the renewal of existing quantification policies and the official position-taking that guided it.

5. Technical cooperation and advising to internationalize Turkish economic statistics

This section analyzes EFS's two letters dated 12th and 24th of February¹⁰¹, responding to Jacquart's letters of 12th January and 8th February respectively.

i EFS's strategies to integrate Turkish data into the international system

The letter dated 12th February 1927 responded to Jacquart's letter of 12th January 1927. It was concerned with the external trade statistics that Jacquart had mentioned and sought for obtaining them.

¹⁰⁰ A. Desrosières, « L'histoire de la statistique comme genre : style d'écriture et usages sociaux », *Genèses*, 2 (2000), p.124.

¹⁰¹ League Archives, R351 10 56101 12361.

Dear Monsieur Jacquart;

I have the honor to acknowledge receipt of your letter of January 12, and I thank you very much for the information you have been kind enough to send me on the reorganization of the statistics of Turkey. I fully understand the difficulty of sending us, as of now, all the answers to the monthly questionnaire; however, I was very pleased to hear that your Central Office already publishes foreign trade statistics for Turkey. Yet I would like to draw your attention to the fact that we would be extremely interested to receive statistics from your Office taking account not only the Monthly Bulletin, but also for our annual publication: the "Memorandum on Balance of Payments and Foreign Trade Balances", of which the 1925 edition, containing information for about 60 countries until the end of 1926, is now in press.

Given, moreover, that many countries only publish quarterly trade figures, I take the liberty of asking you to consider the possibility to communicate to us - at least for a while - only quarterly figures for the Monthly Bulletin of Statistics.

I was sure I could count on your interest in our compilation of statistics and I was very pleased to have your Central Office included on the distribution list of the "Monthly Bulletin of Statistics". I hope you will be able to send us the complete collection of foreign trade statistics already published.

I wish to thank you for your kind remembrance and I ask you to accept, dear Monsieur Jacquart, the assurance of my distinguished feelings.

Head of Economic Documentation Service

A. L.

This letter's particularity was that EFS's recommendations, regarding the integration of Turkish data into the international system of economic statistics, took another form. The first letters included general procedures proposed to other countries in similar ways. This one provided advice based on Turkey's specific situation. Evaluating the circumstances, the EFS developed and proposed customized strategies to internationalize Turkish data on external trade. Jacquart could provide only quarterly figures, at least for a certain period until it would be possible to report on monthly basis. He could send the complete collection of external trade statistics which were already published. Turkish data could be integrated also into EFS's another product, the *Memorandum on Balance of Payments and External Trade Balances*, an annual publication whose latest edition (it should have been the 1926 edition which was in press and which could contain information on 1925) covered about sixty countries. Like the Monthly Bulletin and Statistical Yearbook it was another policy tool structuring economic statistics.

ii Rosenberg thanks for Jacquart's collaboration

The second letter of the EFS's Economic Documentation Service was dated February 24, 1927 and signed by A. Rosenberg, an economic expert at the EFS. This letter might be a draft prepared to be signed by Loveday because it contained a handwritten note "for the" before the typed "Head of Economic Documentation Service" at the end.

Born in Sweden, Johan Ansgar Esaias Rosenborg (1893-1979) was a graduate of Uppsala University and joined the League secretariat in 1921. He worked in missions in different countries (Albania, Baltic States or Greece) as an international expert specialized in economic statistics and studies. He went to the United States in 1940 with the League's economic finance mission, headquartered at Princeton University during the war. He joined the United Nations (UN) secretariat in 1946 and contributed in the creation of its “technical assistance program to developing countries”. He served as interim executive secretary of the Economic Commission for Asia and the Far East in 1947, and as a technical assistance official. He headed missions to different countries (Haiti in 1949, Indonesia in 1950) and represented the UN Technical Assistance Board in Indonesia in the mid-1950s, and the secretary general in Guinea, before retiring in 1959.¹⁰²

This letter replied to Jacquart’s letter of 8th February, which included the documents relative to the reorganization of Turkish Statistics.

Dear Monsieur Jacquart;

I have the honor to acknowledge receipt of your letter of February and I wish to assure you that I have read with great interest the documents on the reorganization of statistics in Turkey which you have had the kindness of sending me.

By confirming my letters of 14 February and 12 February, I thank you very much for your collaboration with us in the exchange of statistical publications, you will see that in the cover of the “Monthly Bulletin of Statistics” are always announced the most recent publications of the Section and I will not fail to send you those that interest you the most. It will be very pleasant for me, and in accordance with the wish expressed in your letter, to send you a copy of our “Statistical Yearbook” as soon as it is published; it will be published next month. Please accept, dear Monsieur Jacquart, the assurance of my distinguished feelings.

A. Rosenborg [signature]

Rosenborg’s letter indicated the co-construction of correspondence letters at the EFS as instruments of cooperation with various states, but also highlighted certain confusions due to the implication of various actors in the process. Rosenborg referred to two letters. The first, dated 12th February, might be the letter signed by Loveday, which is presented above, but there was no other letter in the archive folder. Hence the second one that Rosenborg referred to as that

¹⁰² “Ansgar Rosenborg, Was U.N. Official”, *The Washington Post*, 18.12.1979, <https://www.washingtonpost.com/archive/local/1979/02/18/ansgar-rosenborg-was-un-official/b2b58e13-1a1a-44b4-9113-43d639580a1f/> [accessed July 2017].

B. Englund, “Johan Ansgar Esaias Rosenborg”, *Bygdebånd*, <http://www.bygdebånd.se/person/932407/sverige/vastmanlands-lan/heby/ostervalala/ostervalala-hembygdsforening/johan-ansgar-esaias-rosenborg/> [accessed July 2017].

See also: <http://www.lonsea.de/pub/person/5563>

of 14th February, might be a factual letter which was finally discarded or it was one of the nine lost documents mentioned in the *Répertoire*.

Concluding remarks

The historical material showed that technical cooperation for the creation of an international system of economic statistics involved 1) establishment of regular contacts with statistical divisions of governments; 2) exchange of documents, information and statistics; 3) advising for the internationalization of national data according to uniform standards; and 4) assembling and publishing the harmonized data in the form of international products (yearbooks, memorandums, monthly bulletins, etc.). EFS's suggestions had no binding force and the Turkish Office might have refused to respond to their demands. Yet, for the EFS technical cooperation was ongoing at this stage even though the Turkish Office hadn't shared any statistics yet. Rosenborg's letter confirmed this by thanking Jacquart for his collaboration. This was the process which led to the production of concrete international objects. As mentioned before, Turkey figured in *Statistical Yearbooks* starting from that of 1927, and the *Monthly Bulletin* or other League publications such as the *International Trade Statistics* in the 1930s.

We have observed mainly through the correspondences between international actors that in Turkey's case technical cooperation related to a very particular context: i) national policy, which, as part of the state building process, aimed at the construction of a central office to coordinate and rationalize the state statistics, entrusting its administration to a foreign expert from the field of international quantification policies; ii) international policy, which, as part of the globalization process and the formation of a political and economic world order, aimed at the construction of a system of world economic statistics through international cooperation. Two major fluxes, centralization and uniformization shaped both national and international quantification policies and the relationship between them. Both Jacquart and the EFS reinforced this process on a national and international level.

Jacquart's privilege derived out of his double presence in both fields as an international expert, which was reinforced by his appointment by a foreign Government. As Rosenborg's trajectory suggested, the circulation of actors, who were recognized as international experts through their involvement in international organizations, to advise various governments was already (at the time) a legitimate practice of knowledge transfer from the center to the periphery and would institutionalize into "technical assistance programs to developing countries". Yet, Jacquart was not hired to advise the Government, but was entrusted with the constitution and administration

of a State institution. In this particular context of his relation with the EFS, Jacquart stood out as the key actor in Turkey's importation of a specific form of state knowledge, which when organized adequately, could be instrumentalized as a technology of governance not only in the national but also international fields of power. In fact, it was exactly what the EFS and the Turkish Government expected of him.

The links between the League's political and technical programs that shaped the EFS's rationality underlined the interrelations between the forms of knowledge and the power relations produced and exercised through the process of international cooperation. This hegemonic process, which involved the monitoring and consent of local governmental actors, took place, in Turkey's case, almost exclusively between international actors of the same field. As far as this study observed, the field of international quantification policies and the cooperation process itself were both gendered and racialized with dominantly white male European elites engineering a quantified world.

This study limited the analysis to a few correspondences and to a very short time period. Further research is necessary to fully grasp the relationship between the two institutions observing the dis/continuities in different contexts. Comparative study including other countries would also allow a more macro perspective.

Market regulation after WW II

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DEBT CRISIS AND STRUCTURAL REFORMS IN THE EUROZONE

THE INTERNATIONAL MONETARY FUND (IMF) IN THE GREEK PROGRAM AND THE IMPLICATIONS FOR TRANSATLANTIC RELATIONS

The purpose of this paper is to explore the main political and economic aspects of International Monetary Fund's participation in the Greek program, to review the assumptions that influenced its economic policy making and, finally, to explore the impact of the Greek crisis in the development of transatlantic economic relations.

The main argument of this paper is that the IMF's policy was underpinned by assumptions and preferences similar to those of its Eurozone partners. Although its presence was supposed to preserve the transatlantic links in the management of the Eurozone economies it marked in fact a process of assertiveness and autonomy of the Eurozone in the formulation and implementation of the latter's response to the debt crisis. This process led eventually to the introduction of institutional arrangements that signify Eurozone's autonomy.

The background

The IMF has not participated for the first time in a European Community/European Union emergency program in 2010-11. Being an integral part of the US-led international financial order set up in Bretton Woods in 1944, the IMF's core mission is to provide financial assistance in countries with acute balance of payments problems.¹ This function became more crucial after the end of the fixed parities in 1971. In this context, the IMF had already provided loans in two advanced industrialized countries that were members of the European Community, the United Kingdom in 1976 and Italy in 1977.² More recently it implemented rescue programs in Hungary, Romania and Latvia, member-states of the European Union after the European Union's enlargement with the accession of the former Warsaw Pact member countries and the

¹ H. James, *International Monetary Cooperation since Bretton Woods*, Washington D. C., International Monetary Fund and New York, Oxford University Press, 1996, pp. 50-51

² K. Burk, "The Americans, the Germans, and the British. The 1976 IMF Crisis", *Twentieth Century British History*, 5.3 (1994), pp. 351-369

H. James, *International Monetary Cooperation since Bretton Woods*, International Monetary Fund, pp. 283-285.

Baltic Republics. In each case, the IMF implemented a standard program of fiscal discipline with the aim of restoring competitiveness and thus the equilibrium of the balance of payments. Normally, an austerity cure was accompanied by a devaluation of the external parity of the national currency, a policy that may shorten their duration and make somewhat more palatable the drastic measures included in the emergency programs. Although full of political and social implications this basic program of the IMF was more successful in the 1970s, as it was implemented in two highly developed economies, and much more painful in the 2000s, as it was imposed on economies that had already gone through the transition from the central planning to the free market.

The case of Latvia was a model or a simulation of the relations of the Fund with its European partners when the debt crisis broke out in the Eurozone in 2010. The Fund had entered the stage in Latvia in November 2008. Although the country was not a Eurozone member it had its currency pegged with the euro within a very narrow band of 1%. The Fund recommended a depreciation no lower than 25% which met the strong resistance of the EU and the Latvian authorities. Unable to overcome their resistance, the Fund remained in the program and recommended alternatively a program of “internal devaluation”, that is a cut of wages and public expenditure that generated a considerable fall of living standards in the hope that the severity of the proposed measures would force a reversal of the monetary policy of the EU and the Latvian government. In this case the EU displayed an unusual assertiveness which influenced the policy-making process of the IMF. Another factor that should not be disregarded was that the EU contributed funds considerably higher than the IMF’s. Thus the EU would gradually but steadily appear as the senior partner and evolve to a more solid regional bloc. It was valid that the Eurozone lacked adequate mechanisms and the expertise to handle an eventuality of the magnitude of the debt crisis of 2010. Nonetheless, the euro had accelerated the interdependence of the economies of the Eurozone and served as a framework of their institutional integration. The IMF, an organization of global reach, had a rather limited influence in the actual formulation of policy although it was at the forefront of strict enforcement of fiscal discipline and deregulation: shrinking of the public sector, cut of wages, raise of the value added tax were policies that affected the living standards of the entire population. Latvia’s GDP would fall by a spectacular 25% from the fourth quarter of 2007 to the third quarter of 2009.³

³ P. Bluestein, *Laid Low, Inside the Crisis that overwhelmed Europe and the IMF*, Waterloo ON, Center for International Governance Innovation, 2016, pp. 65-70.

However, in the case of Greece and the other Euro-zone member-states, Ireland and Portugal, which were subjected afterwards to a stabilization program, there was a crucial difference that constituted a breakthrough in the implementation of IMF programs: As a consequence of their adoption of the Euro, the governments and the central banks of these countries were deprived of the option to depreciate a national currency and therefore were compelled to concentrate their efforts to internal devaluation: to downsize the public sector, cut wages and pensions and liberalize the labour market.

IMF's participation in the Greek program

Being the most important Eurozone member state with its fiscal position and public debt on a solid ground, Germany would influence decisively the issue of IMF's participation in the Greek rescue. Berlin was initially divided on the issue. The Finance minister, Wolfgang Schauble, was in favour of a European management of the crisis. It was the chancellor, Angela Merkel, who was inclined towards inviting the IMF as she was rather distrustful of the European Commission's ability to impose the necessary discipline on national governments. Moreover, as the urgency for a rescue package for Greece was becoming manifest, Merkel felt that only IMF's contribution in the Greek program would convince the German public opinion that the money of German taxpayers would be spent wisely. Chancellor Merkel's position ran contrary to the view of the French president, the European Central Bank and the Commission, who argued that IMF's participation would be a blow to the prestige of the Euro-zone and would question its ability to handle its own affairs.⁴

The Greek government's policy over IMF's implication in the Greek rescue program.

The IMF was perceived negatively by the Greek public opinion as a result of its standard policies to cut down public expenditure and deregulate the labor market. Notwithstanding its policy aspects, the Fund's involvement in Greek economic policy-making was an issue of psychological and symbolic importance. Participation in the European Community was evaluated positively in the Greek public debate as an irreversible accession of Greece to the rank of the economically and socially developed countries. IMF was wrongly perceived as an organization destined to impose austerity only on emerging economies.⁵ Therefore, IMF's

⁴ P. Bluestein, *Laid Low*, *op. cit.*, p. 96.

N. Irwin, *The Alchemists*, London, Headline/Business Plus, pp. 249-250.

⁵ This assumption was shared by the president of the French Republic, Nicolas Sarkozy who reiterated to the Greek Finance minister Papaconstantinou that the IMF was not fit for European but for Third World. countries. See G. Papaconstantinou, *Game Over*, Livanis publications, Athens, 2016, p. 127, in Greek.

involvement would be symbolically damaging to Greece's image as a developed country of "the first league". This perception was accentuated by Greece's entry in the Economic and Monetary Union and the adoption of the euro: Euro-zone membership had not been presented in the public debate as a challenge to the country's weak manufacturing base but as a permanent guarantee of its prosperity.

The socialists under Georgios Papandreou acceded to power in October 2009 after their victory against the outgoing conservative government. Right after the election, it was relayed by the Bank of Greece that the fiscal deficit for 2009 would reach 12,7% of GDP, more than double than that projected till then. From 2000 onwards the Greek governments had enjoyed easy access to the markets. The interest rate for Greek public borrowing was comparable to the German one. Easy refinancing and additional borrowing to finance further the infinite public sector's needs had induced Athens to a relaxed attitude towards public expenditure.⁶ Early warning from the International Monetary Fund in December 2008 that Greece was approaching a day of reckoning were easily disregarded as the markets did not give a sign of alarm and the Greek government was able to cover its borrowing requirements for 2009. Although not automatically, after the announcement of the revised forecast for the fiscal deficit of 2009, a process was set in motion leading Greece to an impasse with the Greek government unable to roll-over existing obligations during 2010. Thus, a Eurozone member-state was found on the edge of default with implications exceeding by far Greece's actual economic weight within the Eurozone and the world economy. It is futile at present to guess whether the Greek government was in a position to refinance its debt in October, November or December 2009, before the prospect of a Greek default caught the headlines of international press. It is doubtful however that the Greek authorities would secure new loans at an acceptable interest rate since their hypothetical recourse to the market would take place at a time that the unreliability of Greek statistical data had been exposed and Greece's fiscal position was deemed unsustainable. It was in mid-January 2010 that the Greek government, under the pressure of its European partners, submitted to the European Commission a new stabilization program in a vain effort to regain a degree of credibility so that the refinancing of its debt by the markets was secured.

Available evidence suggests that it is at this juncture, at the end of 2009, that the Greek government contemplated whether there was an alternative in case Greece lost its access to the markets. At the end of January 2010, prime minister Papandreou and Finance minister

⁶ B. Eichengreen, *Hall of Mirrors. The Great Depression, the Great Recession, and the Uses-and-Misuses of History*, New York, Oxford University Press, 2015, pp. 342-346.

Papaconstantinou met at Davos, at the margins of the World Economic Forum, with the then managing director of the IMF, Dominique Strauss Kahn. The main issue of the meeting was Greek concern over the refinancing of the Greek public debt. Strauss Kahn was forthcoming in principle.⁷ The IMF's mission was to provide liquidity to countries that had lost access to the markets. However, this forthcoming attitude was qualified: Greece was a member of the Euro-zone. Therefore it had to secure the consent of its partners for the IMF to intervene. Moreover, the magnitude of Greece's capital needs was such that IMF's funds were not sufficient. A partnership of the Fund with the Euro-zone was imperative in this respect. As a consequence of this, the Greek government could not use effectively the possibility of a Greek request to the IMF in order to press upon its Euro-zone partners the necessity to come to Greece's rescue. Therefore, the efforts of the IMF, the Greek government and, concurrently, the Obama administration, were directed towards persuading the Euro-zone, and Germany in particular, to establish a mechanism that would undertake the refinancing of the public debt of Greece and any other Euro-zone member-state that would lose its access to the markets.⁸ France favored the establishment of a mechanism to this effect.⁹

There were domestic and external political considerations at play that brought the Greek government to the decision to elicit support from the IMF. Strauss Kahn's term as managing director was interpreted as bringing about changes in the IMF's standard policies. It was expected that growth would be prioritized over austerity in the IMF policy-making. The Greek socialist government had also concluded that it lacked the necessary authority to impose structural reforms on a society steeped in clientelism and statism.¹⁰ It was a symptom of a profound but imperceptible change in the assumptions and beliefs of the Greek Socialists who, nonetheless, had remained publicly committed to laxist policies and thus lacked the legitimacy to bring about delayed reforms. But it did not matter much what Athens thought at the time. It was not the Greek government that prompted the participation of the IMF in the Greek program.

The Greek program

Which were the policy assumptions underwriting the Greek program? From an economic policy perspective, the IMF's analysis was practically identical with that of the Commission, the European Central Bank and Greece's major partners in the Euro-zone. It was held unanimously,

⁷ B. Eichengreen, *Hall of Mirrors, op. cit.*, p. 367.

⁸ G. Papaconstantinou, *Game Over, op. cit.*, pp. 95-99.

⁹ F. Baroin, *Journal de crise*, Paris, J. C. Lattes, 2012, pp. 61-62.

¹⁰ G. Papaconstantinou, *Game Over, op. cit.* p. 175.

as the IMF had pointed out in June 2009 that is before the Greek election, that Greece's competitiveness had been substantially eroded after its entry in the Economic and Monetary Union. That was the result of a lax income policy as the raise of wages surpassed the rise of productivity. Manifest also was the inability of the Greek political system to reign over the public sector. Pensions were higher than Greece's revenues allowed and public utilities accumulated vast deficits.¹¹ These facts were not seriously disputed by anyone interested in the situation. What was at stake was the formulation of a concrete policy. Greece's partners were slowly coming to the conclusion that despite the commitment within the EMU framework that a member-state's public debt should not be financed by the other member-states or the European Central Bank, a transfer of funds was necessary to avert the default of Greece. Support should be conditional though on the fulfillment of two fundamental criteria: the restoration of the fiscal equilibrium, through the raise of taxes and the cut of public expenditure and the recapturing of competitiveness by implementing a sweeping reform program: Privatization of public utilities, opening of regulated professions, dismantling of a legislative framework protective of the job market. There was prevailing an assumption that the restoration of fiscal discipline would be rewarded by the markets, that investment would come and thus the impact of austerity on the overall economy would be mitigated.

Although the IMF's basic conception of the stabilization and reform program did not differ from that of Greece's Euro-zone partners, especially Germany,¹² it diverged from the European views regarding crucial elements of the package. Germany, and its partners on Berlin's insistence, were adamant that the solvent Euro-zone members had to lend Greece at an interest rate of 5%, only two percentage points lower than the rate which denied Greece its access to the markets. This would signify to the German parliament and electorate that the German taxpayers would not reward the irresponsible fiscal management of the Greek authorities and that Greece would be subjected to a vigorous program of rectification of its public finances and its overall approach to economic government. This concept, not only economic but also ethical in its foundation, was not acceptable to the IMF which had concluded that the most appropriate interest rate would be in the area of 3-3,5%. There was also a difference over the duration of the program as the German government favored a three-year period with the expectation that

¹¹ IMF Country Report No 9/244: Greece: 2009 Article IV Consultation-Staff Report; Staff Supplement; Public Information Notice on the Executive Board Discussion and Statement by the Executive Director for Greece, August 2009.

¹² M. Brunnermeier, H. James, J. P. Landau, *The Euro and the Battle for Ideas*, Princeton, Princeton University Press, 2016, pp. 61-67, 288.

Greece would regain its access to the markets, partially in 2012 and fully in 2013. In contrast, the IMF estimated that a longer period of readjustment would be more feasible and expedient. IMF staff was not of the opinion that the program's fiscal targets would have been attained and structural reforms would have been completed within a three-year period. They thought that five years would be a more realistic time frame. Furthermore, there was a policy imperative in advocating a longer period of adjustment as the IMF expected that the impact of austerity within a short period would be severe. A five-year period would mitigate the consequences of contraction and facilitate the undertaking of structural reforms.

The assumptions of the program were optimistic. Nonetheless, from the perspective of Greece's Euro-zone lenders, there were at play political and financial considerations that militated against a prolonged adjustment period. Politically, the Euro-zone members wished to project the concept of a short and vigorously implemented program that would not question the credibility of the euro. Financially, the prolongation of the program would mean further lending to Greece since the gap in the country's fiscal requirements should be covered by its partners.¹³

The central element in IMF's involvement in the Greek program was the sustainability of debt. The Fund admitted in 2015 what had been relayed by various sources immediately after the initiation of the Greek program. In May 2010, the Greek public debt was deemed sustainable but not in "high probability". The program was based on internal devaluation, since there was no national currency to depreciate, and it could be expected that the GDP would decline and, as a result, future fiscal deficits would be added to the debt. The IMF adopted over-optimistic predictions for growth and the achievement of primary surpluses so that the Greek public debt was deemed sustainable. In the same fashion, over-optimistic predictions with regard to the expected revenue from privatization were adopted. However, the recession in 2011 and 2012 was deeper than expected: 7% in 2011 and almost 5% in 2012 and unemployment skyrocketed to over 25%. It was in fact economic collapse of an unprecedented scale which both the Euro-zone and the IMF, though to different degrees, failed to anticipate due partly to wrong assumptions and predictions.¹⁴ In January 2013 the chief economist of the Fund, Olivier Blanchard, would admit that the IMF had underestimated the impact of the cut down of public expenditure on the GDP. It was the issue of "the fiscal multiplier" in the jargon of the

¹³ P. Roumeliotis, *The Unknown background of the Recourse to the IMF*, Athens, Livanis, 2012, pp. 91-92, in Greek.

P. Bluestein, *Laid Low*, *op. cit.*, p. 111.

¹⁴ B. Eichengreen, *Hall of Mirrors*, *op. cit.*, p. 347.

econometrics.¹⁵ However, it was not a position unanimously adopted within the Fund, as IMF mission's members and its head, Poul Thomsen, tended to hold accountable for the program's failure the Greek authorities that were unwilling to deliver fully the reforms agreed. The IMF mission pointed out also that there were political hurdles intensified by the clientelistic ethos of the Greek party system whereas the increase of bank deposit outflows should also be taken into account.¹⁶

It is accurate that early on the IMF and its managing director, Dominique Straus Kahn, had relayed confidentially the view that restructuring of the Greek public debt was necessary if the Greek program was to succeed. Still, as Paul Bluestein showed, the IMF was divided over the issue of a restructuring of the Greek debt. The Strategy, Policy and Review Department emphasized unsustainability as Greece should achieve incredibly high primary surpluses in order to prevent the soaring of its debt. Conversely, at the European Department, the prevailing view was that the program had a chance of success and that the risks involved in the restructuring of debt would be enormous.¹⁷ The European Central Bank reacted adversely projecting an argument of credibility and simultaneously implying an apprehension that the banking sector would be destabilized. The exposure of Euro-zone banks to the Greek public debt was over 95 billion euros. With regard to the US policy, American officials, although not in full control of the IMF's workings, could influence to a degree the Fund's policy-making process. Washington was the main architect of the international financial system in the aftermath of World War II. The IMF was an integral part of this system. In the early 2010s though the Obama administration fully realized that the US accounted for less than a quarter of the global GDP. In this context, US pre-eminence had been weakened and this was reflected in the workings of the IMF with the Europeans being more assertive and influential. Moreover, as emerging centres of economic power became more important in the foreign exchange market, Washington had to adopt a more consensual approach in its dealings with them in order to avoid what it called "irresponsible behavior" that is to avert the possibility of competitive devaluations. The IMF remained the preferred framework for the retaining of US influence in the international financial system with the Obama administration careful to engage the emerging centres of economic power and especially the Eurozone.¹⁸ In April 2010, US

¹⁵ O. Blanchard, D. Leigh, IMF Working Paper: Growth Forecast Errors and Fiscal Multipliers, WP/13/1, January 2013.

¹⁶ P. Bluestein, *Laid Low*, *op. cit.*, pp. 346-347, 350-351.

¹⁷ P. Bluestein, *Laid Low*, *op. cit.* p. 127.

¹⁸ J. Lew, "America and the Global Economy", *Foreign Affairs*, 95.3 (2016), p. 60.

policymakers believed that for lack of an adequate mechanism to shore up the indebted Euro-zone members, a cut of the Greek debt would have a destabilizing effect.¹⁹ In October 2010, five months after the initiation of the Greek program, a cut down of debt was accepted in principle, on German insistence, in the Franco-German summit in Deauville. This decision had an adverse effect in the markets. The matter was deferred but the development of the Greek program was not promising since early 2011. Thus, it was in mid-2011 that the IMF would see its European partners in the Greek program coming round to the conclusion that the restructuring of Greek debt was unavoidable. Apart from the IMF staff, David Lipton, the Obama administration appointee for the post of the first deputy managing director of the IMF, had reached to the same conclusion.²⁰ The defenders of the sustainability of Greek debt, on the assumption that the program had a chance of success, amongst them the IMF's mission chief, Poul Thomsen, and the European Department were now in a minority against a majority influenced by the Strategy, Policy and Review Department and the chief economist, Olivier Blanchard.²¹ A semblance of debt sustainability had to be restored for the IMF to continue its participation in the program. Despite the fact that the writing down of the private-held Greek debt at 53,5%, in February 2012, was successful the free fall of the Greek economy continued. In November 2012 Greece's Euro-zone partners undertook the obligation to review the sustainability of debt and receive additional measures, only after the achievement of a primary surplus and provided this was deemed necessary.²²

The debt was still rising as a percentage of the GDP for the years to come. It was a consequence of the continued recession and in 2016-17 or even later, in May 2018, with the end of the rescue program in sight, it was still doubtful whether the debt would be serviceable. This casts a shadow over the expectations of the markets, undermining the possibility of investments coming in.

Apart from the deficiencies of the policy formulation process, the IMF's problems in Greece were possibly exacerbated by a factor which only recently was taken into account in the analysis of its policy implementation process. This factor is the relative autonomy enjoyed by the IMF's staff from the Fund's member-states. Stephen Nelson has underlined the importance of the IMF's bureaucracy "at the apex of the system of global economic governance".²³ Nelson

¹⁹ P. Bluestein, *Laid Low*, *op. cit.*, pp. 114-117, 145, 241.

²⁰ P. Bluestein, *Laid Low*, *op. cit.*, pp. 240-241.

²¹ P. Bluestein, *Laid Low*, *op. cit.*, pp. 216-217.

²² B. Eichengreen, *Hall of Mirrors*, *op. cit.*, pp. 368-369.

²³ S. Nelson, *The Currency of Confidence. How Economic Policy Beliefs Shape the IMF's Relationship with the Borrowers*, Ithaca and London, Cornell University Press, 2017, p. 2.

pointed out that economic policy makers at the international and domestic levels hold common views and beliefs, a fact crucial in situations of extreme uncertainty. In the 1990s these assumptions and beliefs are epitomized as neo-liberalism.²⁴ As it was made plain in the period preceding the conclusion of the memorandum on the Greek program, the IMF's bureaucracy acquires a degree of importance which is not being fully realized by elected governments and officials. In the case of Greece, the IMF mission shared fully the assumptions and aims of Greece's Eurozone lenders despite differences of emphasis.²⁵ The staff of professional economists influenced considerably the Fund's policy validating the thesis of the substantial autonomy enjoyed by the bureaucracies of international organizations vis-à-vis their member-states.²⁶

A critique of neo-liberalism and the divergence of views between the IMF and the Europeans on the Greek debt

At times, it seemed that the IMF would initiate a revision of its policy. In June 2016 three IMF staff members published an article that criticized the main assumptions of the Fund's policy.²⁷ The neoliberal agenda, the authors of this article pointed out, rested on two foundations: increased competition through deregulation and the opening of domestic markets, a smaller role of the state through privatization and a limited ability of the governments to run fiscal deficits and accumulate debts. There were though aspects of the neoliberal agenda that have not delivered as expected. The authors reviewed specifically the impact of the unhindered movement of capital across the globe and of fiscal consolidation, "sometimes called austerity". The authors remarked that the benefits for growth were at best limited for a broad group of countries and inequality was exacerbated to an extent that undermined the prospects of growth. With regard to the movement of capital, the authors distinguished between foreign direct investment, which was beneficial to growth, and portfolio investment and banking, which were inclined frequently to speculative investment. Whereas indications of growth were weak the cost of volatility was evident. Moreover, speculative investment was often followed by a crash which tended to increase inequality. In this context, the authors argued that the introduction of capital controls might have a beneficial effect on the economy. They were also skeptical of the impact of deflationary policies which aimed to reduce the debt burden. They pointed out that

²⁴ S. Nelson, *The Currency of Confidence*, *op. cit.*, pp. 28-48.

²⁵ P. Bluestein, *Laid Low*, *op. cit.*, pp. 106, 108-109.

²⁶ M. Brunnermeier, H. James, J. P. Landau, *The Euro*, *op. cit.*, p. 287.

²⁷ J. D. Ostry, P. Loungani, D. Furceri, "Neoliberalism: Oversold?", *Finance and Development*, (2016), pp. 38-41.

the IMF insisted on the need to reduce debt mainly as insurance against future shocks. They did not think imperative for countries like Germany, the United States and Britain, which they felt had a margin of latitude, to reduce their debt. They did not disregard the view that financial crashes might occur and that low debt would provide a room for policy-making if at the time of their eruption the debt ratio to GDP was reduced. It was also certain that the markets were attentive to the debt ratio when assessing growth prospects. It was in this connection that their approach displayed its limits. As they made plain, their analysis was not applicable to the indebted countries of Southern Europe. It was certain, they pointed out, that the countries of Southern Europe had no alternative but to consolidate their fiscal position since the markets would not allow them to borrow. It is therefore clear, that their argument was based exclusively on the view of the markets. Their analysis did not try to explore the way the markets formed their views. They went on that austerity should not be imposed on every country, it was not “one size fits all”. If the country in question had a good record of “responsibility” it would be afforded time by the markets. The reduction, they argued, of the ratio of debt from 120% to 100% of GDP over a few years would not reduce the country’s risk substantially. They concluded that after taking into account the damage to growth incurred by increased inequality “governments with ample fiscal space will do better by living with the debt” and “policymakers should be more open to redistribution”.

These recommendations amounted to a moderate social democratic approach which, nonetheless, was not prevailing in the European Union. The paper on neo-liberalism was probably an attempt of the IMF staff to suggest to German policy-makers that there was a way to reinvigorate growth without waiting for the trimming down of the public debt. Still, the implied distinction between “promising” and “hopeless” countries from the point of view of indebtedness was somewhat questionable. Although Germany, Britain and America were showcased as countries that should enhance the side of demand of their economies, France and Italy were omitted. The chief economist of the IMF, Maurice Obstfeld, almost de-politicized the recommendations by pointing out that this policy re-evaluation “has not fundamentally changed the core of our approach which is based on open and competitive markets, robust macro-economic policy frameworks, financial stability”. Referring in particular to the Southern European context the chief economist remarked that “some countries let public debt rise to such high levels that they risk losing market access, and have no choice but to tighten their belts even when their economies are doing badly”. Thus, the basic position of the IMF did not differ substantially from that of Greece’s Eurozone partners, notably Germany. There was though a

degree of difference as the chief economist acknowledged that “there are limits to the pain economies can or should sustain, so in especially difficult cases we recommend debt re-profiling or debt reduction...That is the approach we are currently recommending for Greece”.²⁸

The Greek program and its implications for Transatlantic Relations

In apportioning responsibility for the defects of the Greek program in 2014-15 the IMF was critical of the Greek political class. It criticized the Greek governments for failing to secure broad political support. The reader of IMF reports gets the impression though that this issue of political support is seen as a technical or a secondary one whereas in fact it is related to the key issue in a democratic regime, the legitimacy of public policies. The IMF sees the beginning of trouble in mid-2014, initially with delays in the conclusion of reviews and reversals of policies after January 2015. This is a reference to the elections for the European Parliament in May 2014 that compelled the conservative-led coalition to proceed with caution after the Coalition of Radical Left became the largest party at the polls for the European Parliament. This development nonetheless should also be understood in the context of the realignment in Greek politics, brought about by the widespread reaction to austerity and social dislocation. IMF’s analysis refers also to the national legislative elections of January 2015 that led to the formation of a coalition of the Radical Left and Independent Greeks committed to the renegotiation of the rescue program with the consequent reversals according to the IMF’s report of May 2016. Notwithstanding the analysis of Greek politics, there are contradictions in the shaping of the policy prescriptions by the IMF. The Fund is critical of policies that raise taxes. Nonetheless, its criticism is focused on the additional tax burden imposed upon the upper income centiles and not on the middle and the lower salaried or non-salaried middle classes that are overburdened by income, real estate and indirect taxes. Moreover, the Fund is critical of the failure to arrest tax evasion which is a fair point. But it should be borne in mind that tax evasion thrives in the upper centiles which the Fund feels they should be spared from tax hikes. Finally, the IMF is disapproving of the pension reform since it protects present pensioners at the expense of future ones.²⁹

²⁸ Chief Economist Interview, Evolution Not Revolution: Rethinking Policy at the IMF. IMF Survey Magazine: Policy, 2.6.2016.

²⁹ IMF Country Report No 16/130: Greece. Preliminary Debt Sustainability Analysis-Updated Estimates and Further Considerations, May 2016.

These, nonetheless, are political, not factual, points, they imply political preferences not technical ones. Overall, it is a negative assessment that laid the ground for the Fund's recommendation to the Euro-zone in 2016 that the burden of the Greek public debt should be relieved. There were no doubt points in the IMF's report that might vindicate this negative assessment: The rate of collection of taxes is falling and there is therefore a possibility of lower than expected tax returns. Consequently, targets may be missed and the newly adopted mechanism of fiscal adjustment might or might not cover the shortfall although this has not materialized at least till 2017. Still, these are possibilities that were not taking into account the improvement in Greek competitiveness, the stabilizing effect of the conclusion of the first, in 2016, and the second, in 2017, evaluations of the third Greek program and the prospect of at least a modest return to growth. It was only in the autumn of 2018 that the Fund admitted that Greece had achieved the fiscal targets of the rescue program. In this context, the Fund held the view that it would be advisable for the Greek authorities to examine measures that would alleviate the tax burden.³⁰

The IMF's emphasis on the need for debt re-structuring, although the basis of the Fund's policy was not radically different from that of Germany's, led Berlin to a review of its policy with regard to the desirability of IMF's participation in future bail-outs. It is not only a tactical difference but also the manifestation of a more fundamental divergence between the two sides of the Atlantic. The Obama administration defined as a part of its "global priority" the improvement of IMF's capacity "to deal with evolving challenges". Moreover, the IMF had to remain "a first responder" to a financial crisis and in order to promote its "core mission" it had "to intensify its analysis... and raise its voice on such critical issues as exchange rates, current account imbalances, and shortfalls in global aggregate demand".³¹ The US Treasury secretary serving in the Obama administration, Jack Lew, referred also to the enhancement of the IMF's resources. Still, there was another aspect not to be disregarded: The Fund did not contribute much in terms of financial aid in the Eurozone debt crisis. The Europeans tended to take advantage of the IMF's technical expertise in the supervision of economies under a program and ignored the IMF's advice on the strategic aspects of economic policy making. Two facts underline this policy shift for the part of the Germans and their EU partners: The first is emanating from the success of the European Stability Mechanism (ESM) which musters or can mobilize easily sufficient funds to sustain Eurozone's indebted countries without risking the

³⁰ See the interview of the Greek representative to the IMF, Professor M. Psalidopoulos, in the Athens newspaper *To Vima*, 28.10.2018.

³¹ J. Lew, "America and the Global Economy", *op. cit.*, p. 64.

recurrence of a crisis. This of course is not applicable to economies of the size of Italy or Spain. The ESM has the capability though of dealing with small economies the size of Greece, Portugal and Ireland. In this connection, the managing director of the ESM, Klaus Regling, pointed out in August 2015 that the ESM's "firepower" outstripped by far that of the IMF.³² Moreover, Regling reminded the IMF that the ESM and its precursor, the EFSF, had disbursed 174 billion euros for Greece. The cost of servicing Greek debt would remain low for a long time since the ESM was able to borrow on behalf of Greece at a very low rate. This was a fact that the IMF "had not integrated to its analysis", Regling pointed out. The ESM was committed to the Greek debt for a further thirty years after the envisaged expiration of the bail-out program in 2018. The ESM would offer additional aid if the need arose provided that Greece sticks to its side of the bargain. This was the main difference, the managing director pointed out: Greece as a Eurozone country was entitled to ESM aid, an advantage not enjoyed by other recipients of IMF loans.³³ The second fact, which probably accelerates developments, is Donald Trump's election. The Trump administration puts the transatlantic relationship and the institutions that cement this relationship under a new light.

The IMF is, by definition, an organization of global reach. It is though, a very different sort of organization from the EU and the Eurozone. The latter are groupings based on and simultaneously promoting further the integration of their economies. The IMF's policy is rather counter-productive in terms of integrating these groupings to the institutional nexus of international financial governance. It tends rather to enhance tendencies of autonomy of these regional groupings.

Although Germany and its partners would not sever transatlantic ties it is apparent that a strategy of increased "self-reliance" is in the cards. In this context, the German Finance minister made plain in early July 2017 that the IMF will not be invited to participate in future bail-outs in the Eurozone. Schauble drew Klaus Regling's thought a step further: IMF's rules, the German Finance minister argued, were applicable to a country with its own currency not to one which is a member of a monetary union. The IMF, he went on, is not operating in California.³⁴ It would be an exaggeration to talk about "de-coupling" of the European Union and Germany in particular from America. That provided that domestic political developments in key Eurozone countries, France or Italy, the latter being the most urgent case in point, did not undermine

³² <http://www.politico.eu/article/esm-imf-regling-klaus-regling-lagarde-draghi-greek-crisi...> [accessed 12 September 2017].

³³ K. Regling, "Solidarity with Greece will render its debt sustainable", *Financial Times*, 10.02.2017.

³⁴ Wolfgang Schauble's interview in the Athens daily *Ta Nea*, 1.7.2017.

the cohesion of the Euro-zone. Still, this development, along with the halt of ratification of the Transatlantic Trade and Investment Partnership (TTIP), could be a step in a long process of European self-assertion in the context of the international financial system.

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BOLSTERING THE US DOLLAR
AND STABILIZING WORLD TRADE AND PAYMENTS:

THE LIMITED ROLE OF THE BRETTON WOODS INTERNATIONAL ECONOMIC INSTITUTIONS
FROM THE 1960S TO THE 1970S

The history of the international financial system from the second half of the 1960s through to the landmark decision by the newly appointed chairman of the Federal Reserve System Paul A. Volcker in late 1979 to staggeringly alter the cost of money to fight the inflationary strains of the 1970s by means of an unprecedented monetary stringency, was marked by a string of peculiarities. In the first instance, the incapability of the US governments over the course of the 1960s and at the dawn of the 1970s to stem the outflow of dollars from regulated US capital markets to unregulated and highly liquid short-term international money markets, better known as Eurocurrency markets, triggered a divergence in interest rates between the international credit markets and the dollar denominated long-term private assets, and the Eurocurrency markets.

By and large such divergence turned into a growing interest rates differential between the US and European capital markets, with the latter ones getting always more lucrative and attractive to international investors. In the second instance, insofar as the flows of dollars from the US to Western Europe drove such capital markets developments, such dynamic bolstered a long-term outflow of dollars from the US to the international capital markets. In turn, this process worsened the ongoing plummeting of the dollar and the worsening of the US balance of payments deficit, two trends that marked the US international payments position all along the 1960s. From the postwar US commitment to provide economic and balance of payments assistance to both Western European partners and the less developed countries, to the US overseas military expenditures from the early 1950s through the following decade, to the increase in the foreign direct investments and portfolio investments of US banks and corporations since the early 1960s thereafter, transnational private capital movements under the form of capital flight from the US to the European non-resident markets had begun and

staggeringly increased way before the growth of largely unregulated Eurocurrency markets. In this respect, the outflow of capital from the US dates back to the 1950s and took many ways. Such early developments lays at the origins of the development of dollar denominated short-term private assets that accumulated on non-resident European markets, widely known as Eurodollars, by definition dollar deposits with either European banks or European branches of American banks that were not converted into local currencies.¹ Thirdly, and crucial to the research trajectory and argument of this contribution, one of the consequences of all these developments was the unfettered growth in the dollar component of world money supply, and a consequent decline of the dollar in international exchange markets. On many occasions, the growth of dollar holdings in international markets and by western central banks was used to repeatedly carry out a destabilizing run on the US gold stocks, as the French attitude during the 1960s and the international gold crisis of 1968 unmistakably track. This run led to a world increase in the gold stocks of dollar holding countries around the world.²

Within the framework of Bretton Woods' fixed exchange rates system, either a decline in the US gold stocks or a growth in the dollar component of world money supply jeopardized the dollar's convertibility into gold and put pressure on the dollar's stability and value in foreign exchange markets both during the 1960s and from the time the Nixon administration suspended the inter-convertibility between dollar and gold through to the second energy crisis. Such monetary and capital markets developments had stunning effects not only on the stability of the dollar and the US international payments position, but also, at large, on that of the international trade and payments system based on it. The growing imbalance in the international payments position of the non oil Least Developed Countries (LDCs) that continued throughout the time frame covered in this chapter and peaked up since the first oil shock of the 1970s helps chart such churning effects on the system of world trade and payments.

These three developments made the US foreign economic policymakers consider the consequences of it on the international economy and prompted them to devise ways of recasting the dollar's strength as the prerequisite to a smoothly functioning international trade and payments system based on the US currency as both the reserve currency and the means of

¹ On the origins of the Eurodollar markets during the 1950s see C. Schenk, "The Origins of the Eurodollar market in London: 1955-1963", *Explorations in Economic History*, 35.2 (1998), pp. 221-238.

G. Burn, *The Reemergence of Global Finance*, Basingstoke, Palgrave, 2006.

² On the rise of gold stocks from the March 1968 gold crisis through the end of that year see details in *Presidential Measures on Balance of Payments Controls*, prepared by G. Haberler and T. Willett, Washington DC, American Enterprise Institute, 1968. For an account from the viewpoint of international economic relations see S. Selva, "Gold, Dollar, International Trade and Monetary Integration in US Foreign Policy: from the Interwar Years through the Height of Bretton Woods", *Review of Business and Economic Studies*, 5. 2 (2017), pp. 23-35.

international payments and exchange markets operations. Both during the second half of the 1960s, when the debate on the reform of the international monetary system and the creation of the Fund's currency, the Special Drawing Rights (SDRs), were thought to cope with the monetary and financial consequences on the dollar and international payments of wobbling fixed exchange rates and soaring posted prices of commodities in international markets, and amid the two oil shocks of the 1970s, when the accumulation of oil revenues by the largest oil producing countries fueled the transnational flows in capital underway since the previous decade, the US elites discussed the issue of how to reduce the growing dollar share in world monetary aggregate. This in order to best strike the balance between unfettered transnational flows in capital and teetering aggregate demand and growth rates, that would otherwise lead to a deflationary spiral and to a shrinking international confidence in the US currency. In either case, Washington posed attention both to the advanced industrial economies, and the non-oil producing LDCs. The American elites established a sequential connection between the increase in the size of dollar-denominated assets in international markets and in currency holdings at foreign central banks, the depreciation of the dollar in exchange markets, and the ensuing inflationary strains that stemmed from the uptick in the price of oil, commodities and instrumental and consumer goods traded in US dollars. A cost-push inflation that since the deterioration of cheap oil prices and deteriorating fixed exchange rates in the late 1960s hit the competitive position of European and other western manufacturing and caused the plummeting of the purchasing power of the non-oil LDCs in foreign markets, the latter ones suffering from both the uptick in oil prices and the declining competitiveness of West European consumer goods in world trade markets. This sequence of developments accelerated since the first oil shock but were well underway since the second half of the 1960s. In order to target it and to restore equilibrium in international trade and payments, the US federal and monetary authorities worked on drawing on such growing dollar-denominated private assets to recast the international payments position of both the US and other advanced industrial economies, as well as the non-oil LDCs. In the late 1960s the way to pursue such target was to prevent dollar liquidity in international markets from further financing the development policies of the IBRD and other institutions. In this respect, the bolstering of dollar's stability meant preventing from further expanding dollar denominated international borrowings and lending, as well as investment-related or balance of payments development finance programs. In the second case, during the 1970s, the issue was to curb the expansion in dollar denominated assets held by the oil producers' central banks and by private investors and to make any possible effort to dry it up as much as feasible. During that decade, the US monetary and federal authorities worked on

getting both the IBRD and the IMF involved in serving as financial intermediaries between the OPEC surplus countries and some surplus advanced industrial economies, and the borrowing LDCs and least developed industrial economies. In either case, during both the 1960s and the 1970s the Washington elites planned the involvement of the Bretton Woods international economic institutions and the Bank for International Settlements (BIS) to carry out such redirecting of the growing transnational capital markets in the aim of forestalling the growth of dollars in world capital markets and central banks holdings. In contrast to this American strategy, over the course of the two decades the involvement of the Bretton Woods economic institutions in the implementation of this strategy paved the way for a larger and more important role of the largest American and European commercial and investment banks in carrying over such reshaping of transnational capital flows and world money supply. Though significantly and tellingly revamped in the late 1970s through extended partnership with western commercial and investment banks in reflowing the OPEC oil revenues, the role of the World Bank Group institutions and the IMF was rather more limited than planned in Washington owing to both the ill-functioning of the reflowing mechanism, and the reaction of some leading funding institutions, first and foremost the OPEC oil supplying countries, as well as a much-pressing need to face up to the skyrocketing external debt and balance of payments adjustment problems of most LDCs. A string of issues that in the late 1970s led to combine a long-standing involvement of private commercial banks with additional resources for development finance assistance from the IMF.

The chapter focuses mostly on the attempt to reduce the dollar component of world money supply through such institutionalization of balance of payment deficit financing assistance programs to the non-oil LDCs over the course of the two decades. This is in order to chart and explain such limited contribution of the institutions of Bretton Woods in striking the balance between transnational capital flows, dollar's stability, and international payments, and its trajectory over time. The case study of the assistance programs to the non-oil LDCs, by and large Latin American countries, is remarkable and worth charting for two reasons. In the first instance, the assistance programs to the advanced industrial economies that suffered the most from the declining purchasing power of their manufacturing systems in foreign markets and from oil price-induced balance of payments deficit were largely successful and depended mostly, though not exclusively, on the IMF commitment to draw on its member quotas and tranche and only to a limited extent on additional borrowing. Both during the 1960s and amid the stunning balance of payments crises that hit leading industrial nations like the United

Kingdom and Italy in the following decade, with rare few exceptions such as the oil facility -a financial assistance facility funded through additional contribution from the IMF richest members and private investors- the Washington's institutions borrowed from either riche non-member nations or private capital markets. In the second instance, in striking contrast to it, private capital markets contributed to fuel development finance set in motion by the Bretton Woods institutions to resurrect the international payments position and foreign trade balance of the non-oil LDCs. This was much the case of a deep-seated commitment by the US authorities to get the US commercial and investment banks involved in financing the IBRD president McNamara's giant war on poverty development assistance, analyzed in the first section along with the role of the IMF in shaping a sound reform of the international monetary system.

The case study of this path-breaking new borrowing policy of the IBRD helps track the dependence of Bretton Woods' institutions on source of funding external to its member countries and institutional subscribers to help offset the impact of the ongoing uptick in the cost of money and commodity prices on the external equilibrium of the LDCs and their purchasing power in foreign markets. Therefore, this contribution suggests, the role of the Bretton Woods institutions in containing or reducing dollar assets in world markets was substantially implemented in connection with their development programs toward the LDCs, but only to a rather limited extent in the context of the two institutions balance of payments deficit financing programs towards the industrial nations. For this reason this chapter rests its reconstruction of the US policies to prop up the dollar and stabilize international payments through the international economic institutions on a closer analysis of their programs towards the LDCs.

The failure of US policies to make the IMF and its sister institution the bulk of a recycling of the OPEC oil producing revenues aimed at financing and reducing the external debt and balance of payments deficit of the non-oil LDCs hardest hit by the oil crisis and soaring rates on loan denominated in dollar since the early 1970s thereafter, confirms such dependence on private external funding during that decade. Therefore, it is one of the arguments of this chapter, this continued dependence on external lenders, either oil producing states or private capital markets, by the Bretton Woods institutions to finance development assistance to the LDCs, was ongoing throughout the 1960s and the 1970s. Section three tracks such dependence on the oil producers and limited capability of the Bretton Woods institutions to attract their financial assets within the framework of the so-called oil revenues' recycling mechanism during the latter decade. Specifically charged by Washington with rechanneling the oil revenues of the oil producers into the least developed countries, the IMF faced up to the recalcitrance of the OPEC countries to

lock their funds into reportedly Washington dominated institutions, as well as with growingly worrisome scarce debt service capacity of the LDCs. Such ill-functioning institutionalization of the oil revenues recycling mechanism ushered -quite early during the 1970s- into direct initiatives by the oil producing countries to provide balance of payments deficit financing assistance to the LDCs. Through the establishment of the OPEC Special Fund, a financial entity set up within OPEC in 1976, the Vienna-based organization institutionalized the attitude of the Middle East oil producers, in the past carried out by means of bilateral aid programs, to directly finance the non oil LDCs. Along with the deep involvement of leading commercial banks in such a process, direct financial assistance from OPEC to the LDCs helps chart the limited and well-below expectation role of the Bretton Woods institutions in implementing the defense of the US currency in international markets all along the two decades pinched in this chapter. Finally, the third section explores the shaping of shared balance of payments and external debt financial assistance programs from the second half of the 1970s to the path-breaking new scenario that came to boiling at the start of the new decade as a result of the international financial consequences of the US Federal Reserve System's landmark decision to tighten the cost of money in order to curb the unfinished inflation that plagued the advanced industrial economies all along the decade of the 1970s.

At that time, borrowing by the IMF from oil producers and continued involvements of commercial banks were combined to face up to the path-breaking and challenging new international debt and financial environment. At the time, after an almost decade-long recalcitrance by most leading commercial banks to bear the risk of financing or guaranteeing international lending to the non-oil LDCs, the US monetary authorities favored cooperation between the largest commercial banks involved in reflowing into the international markets the financial wealth of the oil producers since earlier in the decade, and the institutions of Bretton Woods. Section three suggests that notwithstanding such revamping in the role of the IMF through the shaping of such partnership with private commercial and investments banks, and the outbreak of the debt crisis soon thereafter, in the international financial environment of the new decade the latter ones continued to play a prominent and more topical role. This occurred due to improved surveillance by central banks on international capital flows, the removal of national control and legal constraints on it in most western financial system: both of these conditions made the oil producers and international investors feel more comfortable with placing their dollar assets with private commercial and investment banks. Moreover, the persistent pivotal role of private capital markets in reflowing the largest oil producers' investible

surpluses stemmed from the decisive tendency of oil rich nations to lay a shift in their investment patterns from dollar area public and private assets such as US Treasury certificates and the US equity market, as well as the US real estate market, to various Eurocurrency markets, western public debt assets, and current account deficit all denominated in non-resident Eurodollar and European currencies. Mostly traded by individual commercial or investment banks, or private banking syndicated loans, they were to finance not only the public debt of and fixed capital formation, as well as the foreign trade of the LDCs, but also bond and securities issued by international corporations operating in Europe and Japanese corporations.³

Averting dollar expansion in trade and payments: financing development assistance and fighting the decline of the US currency in the 1960s

A large majority of accounts on the role of the international economic institutions, first and foremost the World Bank Group and the IMF, but also the BIS, in stabilizing the postwar international economy and its system of exchanges in goods and capital, was based on two widely-shared assumptions. First, the two international economic institutions would have carried out their activities based on a clear cut division of commitments, since at least the early 1960s, between the IBRD and the IMF in respectively providing assistance to the LDCs and the industrial nations.⁴ Secondly, they made the argument that the largest share in their source of funding was based on their member countries' permanent quota and tranches. Most works underestimate the two sister institutions' financial dependence on external private funding and additional resources: this is mostly the case of studies on the IMF.⁵ Considering the implications of the two-fold oil price hike and the dollar's decline in international exchange markets with the ensuing growth in the rates of dollar loans in capital markets and the impact of rising dollar

³ National Archives and Records Administration, Archives II, College Park (MD), Record Group 40, General Records of the Department of Commerce (henceforth RG40), Office of the Assistant Secretary for International Affairs (henceforth OASIA), Office of Regional and Resource Policy, Briefing Books 1975-1982, b. 1, fold. Visit by D. Regan, J. M. Newman "OPEC Placements", May 5, 1981.

⁴ Concerning the IMF relations with the Western European countries see C. Rogers, *The IMF and European Economies*, London, Palgrave, 2012.

Regarding the IBRD see among other studies E. Helleiner, "The Development Mandate of International Institutions: Where did it Come from?", *Studies in Comparative International Development*, 44 (2009), pp. 189-211.

M. Gavin, D. Rodrik, "The World Bank in Historical Perspective", *American Economic Review*, 85.2 (1995), pp. 329-334.

S. Babb, *Behind the Development Banks. Washington Politics, World Poverty, and the Wealth of Nations*, Chicago, The University of Chicago Press, 2009.

⁵ NARA, Record Group 56, General Records of the Department of the Treasury (henceforth RG56), Office of the Assistant Secretary for International Affairs (henceforth OASIA), Office of the Deputy to the Assistant Secretary for International Affairs, Records Relating to International Financial Institutions 1962-1981, b. 6, fold. 9-I Reform International Monetary 1978-1980, C. Dallara (Department of the Treasury) to Deputy Assistant Secretary Ledding, inter-Office Memorandum "Issues Related to IMF Borrowing in the Private Markets", August 29, 1980.

denominated loans and oil posted prices on the international payments position of the industrial countries, this scholarship mostly focused on the efforts by the IMF in offsetting payments imbalances of advanced industrial economies during the 1970s.

At the time, the Fund provided balance of payments assistance to the industrial nations that depended the most on foreign oil supply and suffered from capital outflows as a result of growing interest rates gap, particularly from the end of fixed exchange rates through to the end of easy money at year-end 1979.⁶ This thesis was based on a concept of conditionality in the IMF financial assistance programs based on a trade-off between the implementation of orderly domestic fiscal and economic policies by the beneficiary member countries in return for balance of payments assistance required to make the international payments position of the IMF members attractive to foreign private capital. This argument mostly revolved around the case study of the series of financial assistance programs additional to the institution's normal appropriations based on drawing by member countries on their quota. In particular, that was the case of the additional programs set off from the 1974 IMF oil facility through to the end of the decade aimed at coping with the impact of international inflation and decreased competitiveness in its members affected the most by the international meltdown of the decade.⁷

By and large, such perspective underestimated the IMF involvement in financing the non oil LDCs external debt and current account deficit; besides, this thesis never took into account the issue of its financing and its impact on the implementation of such programs.⁸ As a matter of fact the IMF borrowing was deeply intertwined with the international debate about the international reinvestments of the OPEC dollar denominated oil revenues, the bulk of which was channeled to the non-oil LDCs. The debate about the creation of the IMF oil facility took

⁶ The most cited case studies are the UK and Italy: See B. Stallings, "The IMF in Europe: Inflation Fighting in Britain, Italy and Portugal", ed. R. Medley, *The Politics of Inflation: A Comparative Analysis*, New York-Oxford-Sidney-Paris, Pergamon Press, 1982, pp. 77-101.

On the British case see for reference D. Needham, *UK Monetary Policy from Devaluation to Thatcher 1967-1982*, Palgrave, London, 2014.

M. G. De Vries, *Balance of Payments Adjustment 1945 to 1986: The IMF Experience*, Washington DC, IMF, 1987, pp. 133 ff.

⁷ J. Chwieroth, *Capital Ideas: The IMF and the rise of Financial liberalization*, Princeton, Princeton University Press, 2010.

S. Park, A. Vetterlein, eds., *Owning Development: Creating policy norms in the IMF and the World Bank*, New York, Cambridge University Press, 2010.

B. Simmons, Z. Elkins, "The Globalization of Liberalization: Policy diffusion in the international Political economy", *American Political Science Review*, 98.1 (2004), pp. 171-189.

C. W. Dietrich, "Oil Power and Economic Theologies: The United States and the Third World in the Wake of the Energy Crisis", *Diplomatic History*, 40.3 (2016), pp. 500-529.

⁸ For a rather different perspective stressing the role of the IMF financing schemes on the non-oil LDCs external deficit see T. Cutler, "Petrodollars to the Third World: A critique of the IMF Oil Facility", *World Affairs*, 139.3 (1976/1977), pp. 189-205.

place within the broader framework of borrowing by the IMF on the OPEC oil producers to finance its worldwide balance of payments deficit financing programs: in contrast to mainstream literature on the oil facility so far appeared, it is worth stressing that since the beginning it was thought as a financing scheme based on borrowing on OPEC to finance the impact of the first oil crisis on the balance of payments of both industrial nations and non-oil LDCs.⁹ Similarly, the literature on the development policies of the IBRD missed to stress the involvement of the World Bank in financing investment-related international borrowing by some of the least developed industrial nations: among others, the Italian economy, where the Bank was involved in fueling the development of capital-intensive manufacturing sectors until the early 1960s, is a case in point.¹⁰ Furthermore, the literature that focused on the development assistance programs provided by the IBRD since the end of its involvement in the advanced industrial economies of western Europe in the early 1960s, has tackled the launching of multiple-year development assistance programs to the non-oil LDCs, a subject that has led the history of the IBRD under the presidency of former US Secretary of Defense Robert McNamara to center stage in historical research.¹¹ With a few rare exceptions, this historiography never explored the financing of McNamara's war on poverty, whose financial burdens were beyond the scope of the Bank's member countries.

The case of McNamara's international financial relations was an important chapter in the history of the Bretton Woods institutions' borrowing policies to finance the stabilization of the international trade and payments system at a critical time in its postwar history from the mid-1960s through the late 1970s. At the time, the fading apart of a stable international payments system and the teetering of the dollar led the two sister institutions of Bretton Woods to draw upon a variety of private capital markets from a number of currency areas complementary, if not alternative to, the United States and the dollar, in order to reduce the dollar component in world financial markets. This pattern entailed a shift in the IBRD's borrowing policies from institutional borrowing from its members' central banks and the US to private investors through

⁹ See S. Selva, *Before the Neoliberal Turn. The Rise of Energy Finance and the Limits to US Foreign Economic Policy*, London, Palgrave, 2017, chapter 4.

¹⁰ See my own S. Selva, "Technological Advance, Transatlantic Trade, External Equilibrium: American Financial Assistance to the Italian Nuclear Power Programmes from the 1960s through to the First Oil Crisis", eds. K. Andresen, S. Muller, *Contesting Deregulation. Debates, Practices and Developments in the West Since the 1970s*, New York-Oxford, Berghahn Books, 2017, pp. 169-185.

¹¹ P. A. Sharma, *Robert McNamara's Other Way. The World Bank and International Development*, Philadelphia, The University of Pennsylvania Press, 2017.

D. Kapur, J. Lewis, R. Webb, *The World Bank: Its First Half Century, Vol. 1*, Washington Dc, Brookings Institutions Press, 1997.

K. Marshall, *The World Bank: From Reconstruction to Development to Equity*, London-New York, Routledge, 2008.

the intermediation of the largest American and European commercial and investment banks - first and foremost the US and German banking- that traded assets denominated in currencies other than the US dollar. In so doing, by shifting its financing from its member countries' quotas to the private capital markets to finance a set of balance of payments deficit financing programs aimed at offsetting the repercussions of a weakened dollar on the purchasing power of oil crisis-rocked advanced and least advanced economies, the two institutions also worked on either averting the expansion of dollar denominated international transactions by borrowing in capital markets other than the US, or on reducing the dollar component in world capital markets. A growing dollar component that stemmed from the increased financial wealth of the OPEC countries as a result of dollar oil payments. The former was certainly the case of the IBRD borrowing from western central banks and capital markets other than the US during the late 1960s, whereas the latter one was the case of the IMF and BIS involvement in the reflowing of the OPEC oil revenues amid the two oil shock of the 1970s. We shall see the limits of such involvement and the scarce effects it had on redressing the international payments system and in rebounding the role of the US currency due to a set of multiple causes larger than the rather narrowed sphere of impact of the two institutions' borrowing policies. The overlapping of multiple causes undermining the dollar's strength and the ill-functioning of such techniques to dry up the dollar's share in world money supply prevented the IBRD from halting the ongoing weakening of the dollar's leadership in the international financial and monetary system.

If we point attention to the US policies designed to forestall and revert the sticky outflows of private capital flows from the US since the early 1960s through the end of the decade in order to defend the dollar and the international payments system, it is possible to catch that on the one side the Bretton Woods institutions implemented a set of financial assistance programs designed to offer assistance both to the advanced industrial nations and to the LDCs; on the other, that such programs became always more dependent on private capital markets and external borrowers. In the mid-run such pace of financing their lending policies jeopardized the role of the two institutions in drying up the dollar component of world money and capital markets and in stabilizing international transactions and payments. This occurred mostly either by means of relying on the dollar as the sole unit of account and international reserves and on the increase in quota for the IMF members, or by heavy borrowing by the IBRD from its member central banks and private capital markets. This was quite paradoxical in so far as this borrowing path-dependence of the two institutions of Bretton Woods on foreign markets took shape within the framework of the US monetary and federal authorities' aim at halting the

expansion of dollars in world capital markets that ravaged the US currency since as early as the decade of the 1960s. This underlying objective underpinned the borrowing policies of the two institutions and the debate on the reform of the international monetary system since as early as the second half of that decade.

The debate and search for reverting the expansion in the dollar share of world money supply began since as early as the beginning of the 1960s, when mounting international run on the US gold stocks, coupled with dollar outflows, entailed a substantial shrinking US current account position and the beginning of declining international confidence in the US currency that continued over the decade and coincided with declining competitive edge of US manufacturing in foreign markets.¹² In addition to a variety of foreign economic policy measures that ranged from increasing export and cutting foreign military and civilian expenditures, or pressurizing capital surplus West European partners to improve trade liberalization and disband residual restrictive business practices toward the dollar area, the Kennedy administration focused on the monetary way to prop up the dollar and the US balance of payment through the IMF. As a matter of fact, the Kennedy administration placed importance on the monetary aspects that jeopardized the stability of US balance of payments and the dollar.

Within this framework, since the first half of 1961 the US government offered its full support for a rise in the financial resources of major currencies other than the dollar and British Pound available to the IMF. In making a case for raising the IMF quota of some western European members of the Fund, Washington aimed at setting the conditions to meet the requests for drawing by the United States.¹³ Clearly, such policy was thought to lessen pressure that balance of payments deficit financing measures put on the two leading currencies of the international economic system. Washington could successfully conclude new arrangements to finance its drawing on the Fund in currencies other than the dollar and the British Pound in early 1962.¹⁴ Meaningfully, at the time the US Executive Director in the Fund pressed for the use by other countries of convertible currencies other than the dollar or the British Pound to avoid an

¹² For details on this interconnection see S. Selva, *Before the Neoliberal Turn*, *op. cit.*, chapter 1.

¹³ Letter from Secretary of the Treasury Dillon to the Belgian Finance Minister (Dequae), August 21, 1961; Department of State, Current Economic Developments, 'Move to Expand IMF resources wins baking at Vienna Meetings', September 26, 1961. Both in Office of the Historian, *Foreign Relations of the United States (henceforth FRUS), 1961-1963, Volume IX, Foreign Economic Policy*, eds. E. Gerakas, D. S. Patterson, W. F. Sanford, C. Yee. Washington DC, GPO, 1995, Document 197 <https://history.state.gov/historicaldocuments/frus1961-63v09>.

¹⁴ John Fitzgerald Kennedy Presidential Library and Museum, Boston, Mass. (henceforth JFKPL), President's Office File, Treasury, Memorandum from Secretary of the Treasury Dillon to President Kennedy, 'Fourth Quarterly Report on Balance of Payments', March 12, 1962.

increase in foreign dollar holdings caused by excessive drawings from the Fund.¹⁵ Therefore, the share of dollar assets in total world supply, which would have been the subject of US debates and policies within the framework of the skyrocketing increase in dollar denominated assets amid the two oil crises of the 1970s, was already on the top of Washington's foreign financial agenda at this early stage. Along this line of action, the US government opted for resorting to the right that each IMF member country retained of converting a percentage of its quota into convertible foreign currencies. Clearly, this variety of measures were aimed at reducing the volume of financial transactions and exchanges in goods and commodities traded in US dollar or British Pound. Irrespective of these initiatives, certainly one of the most important measures adopted by the US was a firm call on the capital surplus western European countries to commit to early repayments of outstanding loans and debts.

This American pressure put on the European partners drove the US effort to increase Washington's holdings of convertible foreign currencies. This policy contributed to restore balance of payments equilibrium in 1962.¹⁶ Besides, as Secretary of the Treasury Dillon pointed out, as far as the accumulation of balance of payments surpluses by western European allies increased dollar reserves in these countries, it created a potential gold demand on the United States.¹⁷ In Washington it was a widely-accepted view that any time the Japanese or the Europeans purchased gold from the United States, the gold reserves held by foreign central banks increased. As a result of such increase in gold reserves those foreign central banks reduced the dollar portion in their monetary reserves with negative impact on the value of the US dollar in exchange markets. Therefore, from 1962 to 1963 the US worked on concluding arrangements for early repayments with these European countries to avert a potential run on US gold stocks with its deteriorating effects on the convertibility between gold and dollar. These repayments were useful both to finance Washington's holding of foreign currencies required to finance foreign exchange transactions and foreign trade, and to reduce foreign run on US gold reserves in order to preserve the stability of the US currency in foreign exchange markets. From 1962 to 1963, in the aggregate the special foreign transactions of the federal government

¹⁵ Report from Secretary of the Treasury Dillon to President Kennedy 'Report to the President on Balance of Payments', March 20, 1961, in Office of the Historian, *FRUS, op. cit.*, document 3 <https://history.state.gov/historicaldocuments/frus1961-63v09>.

¹⁶ FOMC Meeting Minutes, August 21, 1962, in FOMC, <https://fraser.stlouisfed.org>. For a general appraisal about the positive impact of debt-prepayments on the US balance of payments see also Department of the Treasury, 1963, p. 79.

See also A. Major, *Architects of Austerity: International Finance and the Politics of Growth*, Stanford, Stanford University Press, 2014, p. 37.

¹⁷ Department of the Treasury, Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1961, Washington DC, GPO, 1962, p. 82.

roughly increased by five-fold: they included early repayments from European trading partners, advances on military sales and the Treasury sales of medium-term, and nonmarketable securities.¹⁸

Therefore, this set of measures implemented as early as the first half of the decade to protect the dollar and to counteract the plunging of the US balance of payments by a variety of means specifically designed to reduce the amount of dollars in world liquidity suggests that the US authorities resorted to foreign financial and monetary measures to restore a balanced international payments system pegged to a stable US currency since the first half of the 1960s. In so doing, they charged the IMF with contributing to such commitment. This line of action to restore the dollar's strength and stability in world payments anticipated somewhat the borrowing policies of the two institutions of Bretton Woods from the second half of the 1960s to the meltdown of the following decade. However, before the combined teetering of the fixed exchange rates system since the British Pound devaluation of 1967 and the upward pressure on oil prices in world markets that followed the Suez crisis, the US elites and the international economic institutions that complemented the government of Washington in fueling international financial and economic assistance programs aimed at stabilizing the international system, did not establish a clear linkage between the capital outflows from the US, their impact on the balance of payments and international interest rates, growing pressure on the dollar's value in international exchange markets, and the impact of such financial developments on the competitive edge of the American and other western manufacturing system in world trade.

During the 1960s this ill-comprehension about the competitive and commercial effects of monetary and capital markets developments prevented the elites of Washington from fully catching the weakening position of the least developed and developing economies that imported both oil from oil producers and low-capital intensive consumer goods from the industrial nations, in the international trade system. In contrast to the 1960s, this issue was at stake in the US foreign financial policies of the 1970s designed to shape the international investments of the OPEC oil producers. During the latter decade the oil revenues recycling policies devised in Washington as a way of fueling the purchasing power of the non-oil LDCs through multilateral financial arrangements set up under the aegis of the IBRD and the IMF, were clearly aimed at

¹⁸ Elmer B. Staats Acting Director, Executive Office of the President (Bureau of the Budget), Memorandum for the President 'International transactions of the Federal Government, fiscal years 1962 to 1965', August 26, 1963, p. 1, in CIA e-reading room <https://www.cia.gov/library/readingroom>.

easing pressure of developmental assistance to the non-oil LDCs on the US balance of payments.

Furthermore, they were thought to reduce the net outflow of dollars from the US for balance of payments deficit financing purposes that were to hit the dollar's value in foreign markets. As such, during the 1960s the issue of US balance of payments deficit was neither coherently linked to the defense of dollar nor placed within the framework of a much-needed stabilization of international payments. To put it another way, the outflows of dollars were considered in Washington as a matter of US balance of payments deficit, domestic capital supply, and American purchasing power in foreign markets. It was only during the second half of the decade that US authorities and the institutions of Bretton Woods established such clear-cut linkage and took measures designed to contrast or contain the growing amount of dollar assets held at foreign central banks or in the international financial markets, be it either the booming international money markets, the credit or bond markets, in order to counteract such decline in competitiveness and to support the purchasing power and current account position of non-oil LDCs used to importing from advanced industrial economies.

Against this backdrop, at the time the crucial target of the US administrations and the international economic institutions born out of the Bretton Woods conference was to prevent international investors from further engulfing international capital markets with dollar assets.¹⁹ Against this backdrop it is worth placing the changing policy of borrowing diversification by the Bretton Woods institutions, markedly the IBRD, specifically designed to increase its borrowing from central banks and currency areas other than the US currency area, and its timing over the course of the 1960s. If we chart such path in the IBRD financing policies it is easy to catch that its change intersected with the evolution of the debate within the monetary and federal authorities of Washington about the course, nature and consequences of the unfinished US balance of payments deficit, the foreign run on US gold stocks and capital flight from the United States, just mentioned, as well as the impact of such course of events on the inter-convertibility between dollar and gold. At the same time, such turn in the high-ranking discourse brought to center-stage the issue of the implications of the dollar's weakening on the non-oil LDCs. In a matter of few years this issue would be the centerpiece of American policies to make the IMF and its partner American and European commercial banks lock and reflow to those resource-

¹⁹ Library of Congress, Manuscript Division, Washington DC (henceforth LOC), Elliot L. Richardson papers, part 1, b. 292, fold. OECD, Statement by Undersecretary Elliot L. Richardson at the OECD Ministerial Meeting, Paris, 13.2.1969.

scarce developing countries the oil producing countries' dollar assets in order to support those non-oil producing economies' purchasing power in world trade markets. To summarize it, a different understanding between the early 1960s and the period from the late 1960s through the following decade about the effects of capital outflows from the US on both the dollar's position in international exchange markets and the stability of world payments, changed both the borrowing policies of the two sister institutions of Bretton Woods, particularly the IBRD, and their attention to the consequences on international trade and exchanges of competitively declining manufacturing of advanced industrial societies.

Therefore, it is important to consider the case of the World Bank borrowing strategies against the backdrop of the broader debate at the highest US federal level about the nature and dynamic of the country's external disequilibrium so as to better understand how the Bank developed its borrowing policies within that broader framework. As just remarked, the issue of capital outflows from the US markets as a cornerstone in the country's balance of payments problems was a striking issue as early as the first half of the 1960s. At the time the incumbent Johnson administration increased US attention to the capital account position compared to the Kennedy administration, which -as seen- had combined attention to capital outflows and the potential role of the IMF in stemming it with a constant focus on cutting foreign military and civilian expenditures and expanding exports as a means of targeting the current account position.²⁰ Since 1964 a number of legislative measures aimed at contrasting the outflow of capital were passed in the Congress. The passing of the so called Interest Equalization Tax, enacted in 1963, was aimed at deterring capital outflows through a tax on acquisition by Americans from foreigners of foreign debt and equity securities, both new and outstanding, maturing in 3 years or more.²¹ Such policy was consistently carried over under the new Johnson administration. Since as early as he took office, the new President made use of an amendment to the Tax Equalization Act to apply it to bank loans of 1 year or more. At the same time he called the US Congress to extend it for 2 years beyond the end of 1965, and to broaden its coverage to non-bank credit of 1 to 3-year maturity.²² As US Secretary of the Treasury Dillon himself pointed out, such measures to resurrect the balance of payments on capital account, combined with

²⁰ For further insights on the Kennedy administration policies to recast the current account position see S. Selva, *Before the Neoliberal Turn*, *op. cit.*, chapter 2.

²¹ Department of the Treasury, Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1963. Washington DC: GPO, 1964, pp. 52, 335-346.

²² L.B. Johnson to the Congress of the United States, February 10, 1965, in CIA e-reading room <http://www.foia.cia.gov/search>.

military export and a reduction in overseas public expenditures, all concurred to lessen the US deficit.²³

Afterwards, the Johnson administration pushed forward this balance of payments deficit financing policy revolving around the capital account position. In early 1965 the US president presented the comprehensive program to reduce deficit in the balance of payments based on two linchpins: the Foreign Direct Investment Program (FDIP), and the Voluntary Foreign Credit Restraint Program (VFRCR). The one was designed to reduce foreign direct investments by US corporations; the latter one sought to decrease the volume of foreign loans made by US commercial banks. Consistently with this stream of measures, Washington also expanded the Interest Equalization Tax first implemented under the Kennedy presidency.²⁴ Certainly, all of these measures help track such policy shift by the Johnson administration and its increased attention to the international monetary and payments consequences of continued dollar outflows.

However, notwithstanding such shift in the Johnson administration's approach to balance the US international payments position and its increased attention to the dollar's value in foreign markets, prior to the second half of the decade, the consequences of Washington's international payments disequilibria and the dollar's teetering in foreign markets on international exchanges in capital and goods were neither fully understood nor extensively debated in Washington. For instance, shortly after Johnson's coming to the White House, the US monetary authorities failed in catching the linkage between capital outflows from the United States, the weakening of the US dollar in foreign exchange markets, and its effects on the position of the industrial countries manufacturing system in foreign markets. In discussing the two-fold stunning increase in capital outflows and dollar sales to foreign countries, Alfred Hayes and other prominent members of the US Foreign Open Market Committee (FOMC) made the argument that the US external imbalance was a matter of capital flight. However, they did not associate such plummeting capital account position and its impact on the value of the US currency with its effects on the US export and on international exchanges in goods and services. For instance, on the occasion

²³ Department of the Treasury, Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1964, Washington DC, GPO, 1965, p. 47.

²⁴ P. Dombrowski, *Policy Responses to the Globalization of American Banking*. Pittsburgh, The University of Pittsburgh Press, 2006, chapter 3.

A cutting-edge new perspective on this string of regulatory measures in light of the 2008 financial crisis is provided in D. J. Elliorr, G. Feldberg, A. Lehnert, "The History of Cyclical Macroprudential Policy in the United States", May 2013, in *Federal Reserve Board Washington DC, Finance and Economics Discussion Series, Divisions of Research and Statistics and Monetary Affairs*, 2013-29, <https://www.federalreserve.gov/pubs/feds/2013/201329/201329pap.pdf>

of a FOMC meeting Mitchell, a committee member, maintained that “the [US] balance of payments problem was one of capital flows, and not of the competitiveness of US goods in world markets”.²⁵ For his part, that same year the US Secretary of the Treasury Douglass Dillon underestimated the linkage between the dollar's tottering in foreign exchange markets and the US balance of payments deficit. In reappraising the deficit, he insisted on the issue of the US current account position but missed the very linkage between the US balance of payments deficit, the weakening of the dollar and its likely negative impact on US export. By focusing attention on the US temporary commercial surplus he failed in catching such linkage, stressing that “our own price stability is beginning to pay off in strengthening our world-wide competitive position”. Reasoning along this line, he suggested the White House to target a variety of issues in order to bolster the US current account that ranged from increased overseas promotion of US export to exploration of opportunities to develop iron curtain markets, through to policies aimed at reducing capital outflows such as a tax policy that favored foreign purchases of US securities or renewal of the Interest Equalization Tax. In spelling out this number of measures he never pointed to them as multiple means of resurrecting the dollar and propping up the competitive position of US and other western manufacturers operating in the dollar trade area.²⁶

Against such backdrop and quite consistently with it, prior to the twin deterioration of cheap oil prices in world commodity markets and the wobbling of fixed exchange rates that followed the devaluation of British sterling in 1967, the two sister institutions born out of the Bretton Woods conference neither embarked upon a striking diversification of their borrowing and investment policies based on countries and currency areas other than the dollar and the US capital markets, nor played a leading role in the international lending policies designed by the US governments. As a matter of fact, since the early 1960s the US straddled to get the European partners involved in providing concessionary assistance to the Least Developed countries in order to prompt them to undertake liberal trade policies and to increase commercial bonds with the western world as a way to deter Soviet trading influence on them, particularly in Latin America.²⁷ Within that framework, the Department of State placed utmost importance on the role of institutional arrangements such as the Development Assistance Group and, since 1962,

²⁵ Federal Open Market Committee Meeting Minutes, December 1, 1964, in FOMC, <https://fraser.stlouisfed.org>.

²⁶ Douglass Dillon to the President, December 9, 1964, in Lyndon B. Johnson Presidential Library and Museum, Austin (henceforth LBJPL), Papers of L. B. Johnson, Presidential Papers, CF, b. 49.

²⁷ NARA, RG56, OASIA, Office of the Deputy Assistant Secretary for International Monetary Affairs, Briefing Books 1971–1980, b. 1, fold. Atlantic Declaration Under Secretary Volcker May 1973, sub-fold. 2 (Sum 2/14/73 Flanigan Memo re Econ. Objectives Paper), Peter M. Flanigan, Memorandum for Jack Bennett John Hennessey, “US-European Relations Economic Objectives”, February 14, 1973.

the Development Assistance Committee (DAC) established within the Organization for European Cooperation and Development (OECD). As other multilateral or supra-national organizations as the EEC, the IBRD was represented on the DAC but did not play at that time a prominent role. In the early 1960s the United States worked on shaping a DAC common aid pledge basically aimed to produce improved economic and social conditions in the LDCs but did not bring to center stage the issue of how to best combine development finance with stable international monetary and financial relations and a strengthened dollar's position in international markets as a prerequisite to the implementation of development lending programs. Basically, at the time the long-run objective was mostly to strengthen and to improve economic relations and commercial bonds with those countries.²⁸

Therefore, prior to the last few years of the decade, when the debate on the reform of the international monetary system and the creation of the IMF' currency, the Special Drawing Rights, charted a growing attention within the US and among western elites about a much-pressing need to establish and introduce in the international monetary system a reserve currency complementary to the US currency as a means of payments and to cover foreign exchange operations in order to curb the growing share of dollars in world markets in defense of the American currency, the role of the Fund and the Bank was rather limited and scant. For instance, during the 1964 capital account crisis that shook the external position of the United Kingdom, the IMF provided the London government with a stand-by arrangement. This financial package was just one out of many credit lines implemented in the context of a \$ 3 billion multilateral assistance program offered to London by the US and European central banks to stem speculative attacks on British sterling.²⁹ Within that framework, Gardner Ackley, then Chairman of the US Council of Economic Advisers, stressed the limited independence of the IMF in extending its credit to London insofar as it had to resort to the European central banks to finance its credit line to the UK; he suggested the White House that British reserves losses be likely to trigger a run on US reserves.³⁰

A few years later, amid the British balance of payments crisis of 1967, the US government downplayed the potential role of the IMF in providing London with financial support. In Fall 1967, prior to the devaluation of British sterling, the situation of the UK looked like on the

²⁸ See for instance JFKPL, Papers of John F. Kennedy, Presidential Papers, NSF, Country File: Italy, b. 120, Dean Rusk to the American Embassy in Rome, American Embassy in Paris, April 26, 1962.

²⁹ C. Schenk, *The Decline of Sterling: Managing the Retreat of an International Currency 1945-1992*, Cambridge, Cambridge University Press, 2010, pp. 158-159.

³⁰ LBJPL, Papers of L.B. Johnson, Presidential Papers, Confidential Files, b. 43, Gardner Ackley, Memorandum for the President 'The Crisis of the Pound and US Policy', November 22, 1964.

verge of an external collapse as a result, among other structural factors, of sluggish economic growth in most West European countries that prevented London from propping up its balance of payments by means of sustained export. Against such backdrop, two financial assistance plans were drafted. On the one side, the European central banks, gathered in Basle, suggested that the IMF be charged with providing London with a \$3 billion stand-by arrangement. In contrast to this solution, which charged the Fund with playing a crucial and predominant role in offsetting the crisis of sterling, unmistakably Washington put the role of the Fund into perspective. According to US Secretary of the Treasury Henry Fowler, the IMF, surplus Western European governments as Germany and Italy, and some private commercial banks, should cooperate in establishing a comprehensive financial package to avert the devaluation of British sterling.³¹

Based on this position, it is straightforward that still in 1967 the United States underestimated the role of the two sister institutions of Bretton Woods in keeping under control the international system of trade and payments from the arrays of monetary and commodity factors that were to destabilize it compared to the long post war era smooth functioning international system. Likewise, in light of the UK balance of payments crisis of 1967, Washington proposed to its western partners a financial assistance package in which the IMF was supposed to provide a contribution to London's external equilibrium much less than the amount proposed by the central bank governors. Central bankers proposed an IMF credit for \$ 3 billion credit line, whereas the US Secretary of the Treasury had suggested a contribution from the IMF worth up to \$ 1.4 billion as part of a multilateral assistance package involving both \$ 1 billion guaranteed sterling partially covered by Germany and Italy, and some private banks credit.³² It was only in the context of the debate about the reform of the international monetary system and the effect of the 1968 gold crisis on the international confidence in the US currency that the authorities of Washington began charging the IMF with bearing more responsibility and a more vital role in stabilizing the dollar and the international payments system that revolved around it. At that time the US Department of the Treasury made the argument that the 1967 devaluation of British sterling brought into being a loss in global reserves that accelerated international monetary arrangements to create a new reserve unit. Against this backdrop, in 1968 the creation within the IMF of the Special Drawing Rights (SDRs), conceived as a new international reserve unit

³¹ LBJPL, Papers of L.B. Johnson, Presidential Papers, National Security File, Gold Crisis, b. 54, Henry Fowler, Memorandum for the President 'Sterling Crisis', November 12, 1967.

³² Henry Fowler, Memorandum for the President 'Sterling Crisis', November 12, 1967, in Declassified Documents and Reference System, <http://www.gale.com/us-declassified-documents-online/> (henceforth DDRS).

to supplement dollar-denominated international liquidity³³, was thought to reduce dependence of the international system on gold for market purposes. Furthermore, the SDRs were supposed to ease off the pressure that international run on the US gold reserves put on the dollar.³⁴ By supporting the creation of the SDRs Washington placed much more attention on the potential role of the IMF in contributing to revert the depreciation of the US currency in foreign markets and recast international monetary and trade stability.³⁵

On the other hand, along this line since the appointment of former US Secretary of Defense Robert McNamara to the presidency of the IBRD, the Washington-based development institution shifted its borrowing and lending policy so as to contain the share of dollar-denominated assets in world capital markets. As anticipated, if we keep an eye on the ways in which the IBRD changed the financing of its loan operations and lending to the LDCs prior to the end of the decade and McNamara's appointment, the linkage between the limited role of the Bretton Woods institutions in contributing to dry up the quantity of dollars in world money supply and the US underestimation of this issue as an inextricable problem to avert the decline of international confidence in the dollar and its centrifugal effects on the international exchanges in goods and capital, specifically for the non-oil LDCs, is all the more striking. Since it was established, the IBRD could count only on 20 percent of its member countries' capital subscription in order to finance its lending operations.

To put it another way, 80 percent of its members' capital subscription was uncalled and served as a security guarantee to back its borrowing. The IBRD had not such uncalled 80 percent capital subscription on hand but it should be paid in by member countries anytime the bank had to meet its obligations. In addition to the principle of profitability on which the IBRD lending operations were premised over, such security guarantee represented by the unpaid capital, coupled with the two basic principles underlying the bank loans, "the soundness of the particular project the bank was asked to finance", and the effect of the loan on the borrowing country's

³³ H. Wachtel, *The Money Mandarins. The Making of a Supranational Economic Order*, London, Pluto Press, 1990, p. 78.

H. James, *International Monetary Cooperation since Bretton Woods*, New York-Washington DC, Oxford University Press-IMF, 1996, p. 172.

G. Bird, *IMF and the Future. Issues and Options facing the Fund*, London-New York: Routledge, 2003, pp. 267 ff.

C. Wilkie, *Special Drawing Rights (SDRs). The First International Money*, Oxford, Oxford University Press, 2012, pp. 34 ff.

³⁴ Department of Treasury, Talking Paper on the Basic Pledge, in Position Paper for Gold Pool Negotiations, 'Reserve Policies During the Interim Period Prior to Activation of Special Drawing Rights', March 26-27, 1968, in DDRS.

³⁵ E. Fried (Department of the Treasury), 'Resolving the Gold Issue', 1968, in DDRS.

internal economy, made the IBRD's borrowings a kind of highly reliable and quite secure investment assets to any external private investor.

Therefore, owing to such 80 percent uncalled capital subscription, since the beginning the IBRD called for funding on external lending institutions to place its bonds and securities: it did so with both member countries' central banks and private investors.³⁶ However, over the course of the 1950s and early 1960s the Washington institution increased its borrowing from private investors and from currency areas other than the US dollar only slowly and to a limited extent. During the presidency of Eugene Black, former senior Vice President of Chase National Bank, certainly the Bank established and expanded the market for the IBRD securities in the world's investment centers and he himself took care of developing the IBRD financial bonds with the European investment centers and the European currency areas. For instance, at the start of the 1950s the IBRD and the Swiss government entered into a relationship under which the Bank was granted tax reductions in connection with the issue of IBRD bonds in the Swiss private capital market.³⁷ By coupling such expansion of the Bank's borrowing from the international financial centers with the sales of returns on its loans, under the presidency of Black the IBRD could raise funds in the private markets for a total of up to roughly the equivalent of \$ 2 billion, with more than half of its borrowing -according to the Bank's internal correspondence operations-, outside of the United States.³⁸ Within the framework of such struggle to issue a growing number of bonds and securities into the private markets, under his presidency the IBRD embarked upon a number of attempts to diversify the currency composition of its borrowing.

Notwithstanding such attempts, in the early 1960s the IBRD was still substantially relying on the US capital markets and borrowed largely from US investors. For instance, at the beginning of that decade the IBRD failed in placing some offering of bonds with West European national capital markets: this was much the case of the Italian currency area, where in 1962 the Bank of Italy failed in arranging the sales of IBRD bonds with the Italian financial community,³⁹ on the

³⁶ World Bank Group Archive (henceforth WBGA), Records of Office of External Affairs, Mendels, M. Morton M-Articles and Speeches (1948-1965), "The Role of the International Bank for Reconstruction and Development", Address by Morton M. Mendels (Secretary, IBRD) to the 52nd Annual Convention, Maryland Bankers' Association, Atlanta City, May 28, 1948.

³⁷ WBGA, Records of the Office of the President, Records of President Robert S. McNamara, Contacts-Member Countries Files, Contacts with member countries: Switzerland-Correspondence 01, R. McNamara, Memorandum for the Record 'Switzerland', May 15, 1968.

³⁸ WBGA, Records of the Office of the President, Records of President Eugene R. Black, President Eugene R. Black Papers-Congratulations Correspondence-Volume 6-1953, 1958, IBRD Press Release n. 541, June, 27 1958, Background Statement.

³⁹ WBGA, Records of the President Eugene Black.

other hand, significantly, in 1964 US private investors snapped up the largest portion of \$ 200 million offering of bonds issued by the IBRD that year.⁴⁰ As such, since the time the US balance of payments plunged in the late 1950s throughout the attempts to restore equilibrium through the implementation of balance of payments deficit financing policies revolving around the current account position under the Kennedy administration, the IBRD financial relationships with the international capital markets were neither outspokenly aimed at contributing to prevent the expansion of dollar denominated assets in world capital markets, nor did they contribute to any US foreign monetary policy aimed at focusing attention on the capital account deficit to resurrect the US balance of payments and to restore international confidence in the US dollar.

Against this backdrop, since the two linchpins in the well-functioning of the international trade and payments system, fixed exchange rates and fairly stable cheap oil prices in international markets, began crumbling, the course of the debate on the reform of the international monetary system and the borrowing policies of the IBRD best highlights the US turn to focus attention on the need to tailor international development assistance to the defense of the dollar in foreign exchange markets. Within this framework, since 1967 onward the borrowing policies of the IBRD changed staggeringly: a markedly turn to shift its borrowing from the dollar to other currency areas was registered. In turn, such change took place through increased heavy placement of the Bank's bonds and securities with private commercial and investment banks, which implemented this policy of investment diversifications through their investment portfolio. This diversification of the IBRD investment portfolio eased off pressure on the US currency from bearing the cost of financing development finance, so far conducted either by borrowing from dollar-denominated holdings from the IBRD's member central banks, or through a US government development assistance policy based on US foreign economic assistance that strained the American balance of payments.

As a matter of fact, from the late 1960s through to the 1970s, although the DAC still played a role⁴¹, on the one side the IMF and the multilateral development banks engaged in a continuous commitment to help restore equilibrium in the balance of payments of deficit countries; on the

⁴⁰ NARA, Record Group 82, General Records of the Federal Reserve System, (henceforth RG82), Division of International Finance and Predecessors, International Subject Files 1907–1974, b. 327, The Staff of the Board of Governors of the Federal Reserve System, Current Economic and Financial Conditions. Prepared for the Federal Open Market Committee, January 27, 1965, p. III-8.

⁴¹ WBGU, Records of the Office of the President, Records of President Robert S. McNamara, Contacts with Member Countries: United Kingdom, General Correspondence 02, D.H. Rickett, Memorandum for the Record “The United Kingdom,” October 4, 1971.

other, the IBRD led the way in shaping development assistance programs.⁴² Such institutional shift was accompanied by a turn in the borrowing policies of the Bank from public financial contributions from Western governments and institutions to increased bond sales to the Western capital markets. Since the appointment of former Secretary of Defense Robert McNamara to the presidency of the IBRD, at the end of the decade the Washington-based Bretton Woods institution repeatedly resorted to the German, British, and United States capital markets to finance its development assistance programs.

A few months after his appointment to the head of the IBRD, some of the World Bank's high-ranking officials met representatives from the largest US banks to discuss their participation in financing the new president's ambitious plans to expand the World Bank's lending operations to finance development policies across the globe. If one lets alone some arguments by these bankers about the very low lending rate that the World Bank offered to the American banking system, the very issue that stemmed from these conversations was the currency denomination of the Bank's bonds and securities offered on the market. Bank of America's representatives and officials of Brown Brothers Harriman, for instance, called attention to the implications of the US balance of payments deficit on the bankability of bonds issued by the IBRD and denominated in US dollars.⁴³ One year later, while leading US financial institutions such as Morgan Stanley stressed "the need for the Bank to renew and broaden its contacts in the investment community in the US; and for McNamara to become better known to that community"⁴⁴, the IBRD had issued a substantial portfolio of bonds to currency markets other than the dollar. In particular, from late summer 1968 to late summer 1969 the Bank pursued a diversification policy through offering both public and private issues in the German markets and in the Swiss capital market.⁴⁵

⁴² NARA, RG56, National Advisory Council on International Monetary and Financial Policies (henceforth NAC), NAC Alternates Minutes and Agenda, NAC Principal Minutes and Agenda, NAC Steering Committee Minutes, Nac Semi Annual Debt Review 1971–1975, b. 1, fold. NAC Alternates-Minutes, Meeting N. 75-1 through Meeting N. 75-8, January 16, 1975–December 3, 1975, National Advisory Council Alternates Meeting Minutes, Meeting 75-1, January 16, 1975, Review of IBRD/IDA Program and Financial Policies; WBGA, Records of General Vice Presidents and Managing Directors, Records of Sir Denis Rickett, Oil and Energy, Memos and Reports 1973 through 1974, Volume 3, Sir Denis Rickett (IBRD Vice President), "The Provision of Additional Resources to Developing Countries and the Respective Role of the Fund and the Bank," undated.

⁴³ LOC, Manuscript Division, Robert McNamara Papers, Part 1, b. 21, fold. 1 (Bennett, William Memoranda of McNamara Trips 1968–1971), W.L. Bennett to Mr. Clark, Memorandum "Summary of New York Visits. October–November 1968".

⁴⁴ LOC, Manuscript Division, R. McNamara Papers, Part 1, b. 21, fold. 1 (Bennett, William Memoranda of McNamara Trips 1968–1971), William Bennett to Mr. Clark, Memorandum "Visit to New York City—March 1969".

⁴⁵ WBGA, Records of the Office of the Presidents, Records of President Robert S. McNamara 1968, Correspondence with Member Countries: Germany. Correspondence 01, fold. Contacts Germany 1968, Memorandum of Conversation McNamara-Aldewereld-Guth-Klasens, June 6, 1968; Memorandum of

Later on McNamara turned to draw on the oil producing countries of OPEC to finance its bonds: such policy was favored by the United Kingdom and other Western European partners but irritated the US governments.⁴⁶ As of 1968 the IBRD had borrowed in the London market on three occasions,⁴⁷ while by fiscal year-end 1969 over half of the Bank's gross borrowing had been raised in the German and US private capital markets.⁴⁸ Within the framework of this contribution, the case of German private capital markets is particularly noteworthy. Over the course of the decade some world-class German banks purchased an increasing volume of bonds issued by the IBRD; Giro Zentrale (GZ) and Deutsch Bank, for instance, bought a significant portions of World Bank-issued bonds and securities and pledged to make public and private placements in the German markets.⁴⁹ The involvement of German banks in financing the IBRD development programs was a means of easing the burden of the IBRD development assistance programs on the US balance of payments, as well as of supporting the value of the dollar in foreign exchange markets.

Notwithstanding this policy of diversification, a string of international monetary and financial developments weakened further the dollar and jeopardized the international system of trade and payments. On the one side the devaluation of British sterling left the US currency as the sole leading currency for international payments for oil and most commodities. This sustained the expansion in the dollar component of world trade and financial transactions and dollar holdings at foreign central banks. On the other, consistently with a decade-long French international monetary policy aimed to promote the use of gold as the only international reserve, and to instigate other Western countries to convert large amount of their dollar holdings into gold, in

Conversation Dr. Henkel-Mr. Aldewereld, June 7, 1968; Memo of Conversation Lipfort-Schneider-Schmidt-Anders-Aldewereld, June 10, 1968.

⁴⁶ WBGA, Records of the Office of the President, Records of President Robert S. McNamara, Contacts with Member Countries: United Kingdom, General Correspondence 03, John Morrian to Robert McNamara, Office Memorandum, "R. McNamara interview with Douglas Ramsey, Economic Development and Raw material correspondent of the Economist," July 28, 1975; *ibid.*, "Meeting with Chancellor of the Exchequer, October 1, 1974 (present: McNamara, Denis W. Healey, Derek Mitchell, Richardson, Wass, Rawlinson, France, Cargill)," October 2, 1974.

⁴⁷ WBGA, Records of the Office of the President, Records of President Robert S. McNamara, Contacts with Member Countries: United Kingdom, General Correspondence 02, W.M. Van Saagevelt to Mr. D. Love, "Memorandum on the Bank Group's Relationship with the United Kingdom," August 11, 1967.

⁴⁸ See respectively WBGA, Records of the Office of the President, Records of President Robert S. McNamara, Contacts with Member Countries: United Kingdom, General Correspondence 01 (1968–1969), Summary Memo of conversation D.S. Rickett-R. McNamara-The Governor of the Bank of England, "Annual Meeting 1968—United Kingdom," October 9, 1968; and *ibid.*, D.S. Rickett (IBRD Vice President), "Annual Meeting 1969. Meetings with Governors of Part I Countries. United Kingdom", September 24, 1969.

⁴⁹ WBGA, Records of the Office of the President, Records of President Robert S. McNamara, Contacts with member countries: Germany—Correspondence 01, fold. Contacts Germany (1968), Memorandum of conversation McNamara-Aldewereld-Lipfart (GiroZentrale), June 6, 1968; Memorandum of conversation McNamara-Aldewereld-Guth-Kalusens (Deutsche Bank), June 6, 1968.

1968 Paris contributed to the weakening of the gold parity of the US dollar by questioning agreements on, and adoption of, US proposals for increasing world reserves through the creation of a new international reserve asset to be established under the auspices of the International Monetary Fund.⁵⁰

As a result of this tangle of developments, over the course of calendar year 1968 the US monetary gold stock in millions of dollars declined by roughly over 12 percent compared to its 1967 average (see Table 1).

Table 1. US gold stocks in millions of dollars⁵¹

Year-month	US Gold stocks in millions of dollars
1967	11.982
1968-January	11.984
1968-February	11.883
1968-March	10.484
1968-April	10.484
1968-May	10.384
1968-June	10.367
1968-July	10.367
1968-August	10.367
1968-September	10.367
1968-October	10.367
1968-November	10.367
1968-December	10.367

This trend contributed to push forward the depreciation of the dollar. Therefore, the combined seemingly intractable international gold issue, the effects of the closure of the Suez Crisis, and the inefficacy of the US balance of payments deficit financing policies in recasting the current account position, all account for the gloomy external balance of the United States and the pressure put on the dollar as early as 1968.

By drawing attention to the hypotheses that circulated in Washington when the world-scale gold crisis hit the US gold stock, it is easy to find further confirmation that American foreign

⁵⁰ CIA Directorate of Intelligence, Intelligence Memorandum “French Actions in the Recent Gold Crisis,” March 20, 1968, in DDRS.

⁵¹ Source: Federal Reserve System, *Annual Report of the Board of Governors of the Federal Reserve System*, 1968, Table 16, pp. 384-385.

exchange and financial policies were unsuccessful in stabilizing the international payments position of the United States.

Based on data available on exchange rates of major currencies against the US dollar from the early 1960s through the overheating of the US dollar's convertibility into gold around 1968, it is easy to identify a correlation between the impending gold crisis and the depreciation of the US dollar. This was particularly the case, with the exception of the British Pound against the American currency, in the three-month forward exchange rates of major currencies against the dollar from 1967 to 1969.⁵² Naturally, any time American dollar holders sold their dollar holdings, this process also contributed to the outflow of dollars from the United States. Therefore, the closer to the end of the decade, the more the inefficacies of the US balance of payments policies on the current and capital account overlapped with the deterioration of the fixed exchange rate in putting pressure on the dollar and its full and stable convertibility into gold. Within this framework, neither the introduction of a new unit for reserve assets and international payments as the SDRs, nor the new borrowing policies inaugurated by the IBRD under the presidency of Robert McNamara altered this development fundamentally. The inefficacy of the new measures implemented by the two Bretton Woods institutions to reduce the dollar component in world trade and payments is best charted by the plummeting of the dollar in foreign exchange markets and by the staggering downswing in the US balance of payments deficit from 1969 to 1972. From 1969 to the very beginning of 1972, driven by the exodus of US private capitals fleeing the country⁵³, the outflow of liquid private capital doubled, while non-liquid short-term private capital outflows grew eightfold, with the balance on the current account and long-term capital—the so-called basic balance—registering by 1972 a deficit somewhat greater than the deficit of \$9.3 billion recorded in 1971.⁵⁴

⁵² For an overview of this trend see Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin* 54, 12 (1968), Table A-90 (Foreign Exchange Rates); for the time period from 1967 to 1968 see Board of Governors of the Federal Reserve System, Division of International Finance Europe and British Commonwealth Section, *Selected Interest and Exchange Rates for Major Countries and the US. Weekly series of chart*, 431 (December 3, 1969), Washington DC, GPO, 1970, Table 2A and 2B, pp. 5-6.

⁵³ US Department of Commerce, *Historical Statistics of the United States Colonial Times to the Present, Part 2*. Washington DC, GPO, 1975, Chapter U, International Transactions and Foreign Commerce, Series U 1-25, p. 866.

⁵⁴ Federal Reserve System, Annual Report of the Board of Governors of the Federal Reserve System for the Year 1972. Washington DC, GPO, 1973, pp. 59–60. Council of Economic Advisers, Economic Indicators, Prepared for the Joint Economic Committee by the Council of Economic Advisers, Washington DC, GPO, 1971, p. 25.

Bringing the Bretton Woods institutions to center stage in the fight to reverse the international payments imbalances in the early 1970s. A short-lived route

Within this macroeconomic and financial framework, the more the dollar declined in exchange markets and the US balance of payments deficit plummeted, the more Washington strove to devise a comprehensive set of foreign economic policy measures designed to reverse this trend. The start of the new decade was marked by a number of varying foreign policy initiatives that concurred to this target. Although the bulk of US commitment to defend the dollar by containing the size of dollar-denominated assets in world money supply revolved around a set of consistent foreign financial and monetary measures, it included and shaped other fields such as foreign trade and investment policy. According to the Department of State, the investments of US oil corporations in the Middle East oil producing countries brought an ongoing contribution to reduce the US balance of payments deficit on capital account. According to a 1967 study of the Department of State, about 65 percent of the oil produced in the Arab countries was from United States investments there. These investments returned an annual profit of about \$1.5 billion to the American oil industry and made a net contribution of over \$1 billion per annum to the US balance of payments that according to US diplomats deserved to be fully supported within the framework of a broader US balance of payments deficit financing strategy.⁵⁵

As regards the US foreign trade side of this strategy, as early as 1970 the US Department of Commerce brought before the White House a comprehensive foreign direct investment program tailored to regulate the foreign investment and borrowing of US corporations and companies doing business either in dollar currency areas economies or with the US capital markets. Tellingly, the program suggested that US corporations operating in capital surplus countries be forced to borrow from other than dollar area national capital markets of those countries in which they operated.⁵⁶ This was in order to prevent the US companies operating in Europe from favoring either the outflow of dollar assets from the US or the nurturing and development of the Eurodollar markets: in fact, by borrowing from them, the foreign branches of US corporations contributed to let overseas holders of dollar assets to not repatriate their US currency holdings. An investment path that would be clearly at variance with any commitment

⁵⁵ NARA, Records of the Department of State (henceforth RG59), Bureau of European Affairs, Office of OECD, European Community and Atlantic Political Economic Affairs, Records Relating to Economic Matters 1953–1975, b. 13, fold. FSE-OECD-Petroleum 1967–1969, Department of State, “Western Interests in Arab Oil”, November 1, 1967.

⁵⁶ NARA, RG40, Office of the Secretary, Executive Secretariat's Subject File 1953-1974, b. 181, fold. Foreign Direct Investments Comm., The Director of the Office for Foreign Direct investments to the Under Secretary of Commerce, “Report on 1970 Program Interagency Meeting”, September 22, 1969.

to support the value of the dollar in international markets. On the other hand, as long as the financial wealth of the OPEC and non OPEC oil producing countries increased as a result of the uptick in the posted price of crude oil from the turn-of-the-decade, the Department of Commerce developed its export program in support for US manufacturing export to the oil producing economies as a means of contrasting the decline of the US currency by reducing foreign dollar holding and the transnational flows of dollar denominated private capital assets. Within this framework, since prior to the quadrupling of oil prices, the US export earning to the Middle Eastern oil producers had soared. The two largest Middle Eastern importers of US consumer goods and services, Iran and Saudi Arabia, are a noteworthy case in point. Just before the first oil crisis, compared to 1972 in 1973 Iran had increased import of US products by roughly 50 percent, whereas from the first oil shock to the end of the decade the US sales to Near East Arab oil producing countries and to Iran in 1973 totaled approximately \$ 2 billion, up about 50 percent from the 1972 figures.⁵⁷ This US export promotion to oil-rich dollar holding countries was quite consistent with the late 1960s Department of State conception of overseas activities of US corporations as an instrument to prop up the US balance of payments on both the current and capital account. The creation of bilateral economic and trade commission, established since as early as 1974 between the US government and its major Middle Eastern trade partners, should be linked to this longer US objective to improve the American current account position in support for the dollar. Compared to the 1960s, at this later time the very objective underlying such export-oriented current account policy, mixed up with favoring overseas borrowing from non-dollar foreign capital markets, was to forestall and revert the decline of the US currency in foreign markets not merely to improve the US international payments position but also to avert the consequences on the competitive edge of US and western manufacturing trading in US dollar from suffering from the depreciation of the dollar and from the consequences of such depreciation on the purchasing power of western-consumer goods importing LDCs.⁵⁸

This foreign trade policy was quite consistent with the ongoing policy by the IBRD to issue its bond and securities into the non-dollar national capital markets from the late 1960s through the beginning of the new decade tackled in the previous section. By the beginning of 1974, when the oil-induced balance of payments disequilibria began afflicting the non-oil LDCs, in the

⁵⁷ NARA, RG40, Office of the Secretary, Executive Secretariat's Subject File 1953-1974, b. 309, fold. Commerce Action Group on the Near East (BIC), p. 50, "The Near East Markets: a Report to US Business. Prepared by BIC Near East Study Group", May 17, 1974.

⁵⁸ S. Selva, *Before the Neoliberal Turn*, *op. cit.*, chapter 4.

pursuit of its development assistant programs to halt this jungle of centrifugal effects on international payments, the World Bank had already borrowed \$388 million in Kuwaiti dinars, \$129 million in Libyan dinars, \$25 million in Lebanese pounds, and was negotiating a bond issue denominated in Venezuelan bolivars in the amount of about \$25 million. Although most American authorities suggested that the Bank convert these bonds into SDRs to protect borrowers from exchange rate risks, this policy of currency diversification clearly demonstrates the World Bank's policy to reduce the dollar component in its public placements.⁵⁹ After the first oil crisis, some leading oil producing countries helped this American policy to dry up the dollar component in international liquidity by pouring their ever-expanding dollar-denominated oil revenues into the debt of the IBRD: in 1974 the OPEC countries increased their holding of bonds issued by the IBRD from 5 to 10 percent over the preceding seven years.⁶⁰ Therefore, the borrowing policy of the World Bank in the private and public markets tracks its involvement in the Nixon administration's policy to halt the depreciation of the dollar in exchange markets through policies aimed at reducing the dollar share in both liquid and non-liquid international financial assets.

Notwithstanding this string of varying policies aimed at propping up the US international payments positions and the dollar, the unfinished and unfettered depreciation of the dollar in foreign exchange markets that plagued the US currency – with a remarkable exception shortly after the 1975 recession that hit the advanced industrial economies – from 1974 to 1979 (see table 2), induced the US government and the Federal Reserve System to get the largest US commercial and investment banks involved in reflowing the ever growing dollar denominated assets that since early 1974 overflowed the international capital markets.

Table 2. Exchange rate movements 1970–1978, percentage change⁶¹

Value in terms of dollar	May 29, 1970, to June 2, 1978	March 20, 1973, to June 2, 1978	Year-end 1974	Year-end 1975	Year-end 1976	Year-end 1977	September 1977 to June 2, 1978
Swiss franc	+130.1	+72.3	+27.7	-3.1	+6.9	+22.0	+24.4

⁵⁹ LOC, Manuscript Division, R. McNamara Papers, Part 1, b. 27, fold. 5, IBRD, “Possible Means of Channeling OPEC funds through the World Bank”. February 15, 1974. On the use of SDRs to denominate the Bank's interest-yielding bonds see LOC, Manuscript Division, R. McNamara Papers, Part 1, b. 27, fold. 5 (Energy Crisis), I.P.M Cargill to Mr. M. Shoalb, “Aid Memoire for Mr. Shoalb,” July 19, 1974.

⁶⁰ NARA, RG56, OASIA, Subject Files of the Office of International Monetary Affairs 1968–1978, b. 6, fold. Oil (2), Background paper “United Nations General Assembly Special Session,” April 1974, “Proposal for Use of Surplus Oil Revenues of Petroleum Exporting Countries”.

⁶¹ Rate sources: London mid-day rates, in NARA, RG56, Office of the General Counsel. Assistant General Counsel, Records Related to OPEC Financial Affairs 1974–1979, b. 1 fold. F Part 1 of 4 1978–1979.

German mark	+74.7	+35.7	+12.2	-8.1	+11.0	+12.0	+12.4
Dutch guilder	+62.8	+29.4	+12.7	-6.8	+9.4	+8.2	+10.2
Japanese yen	+63.5	+20.2	-7.0	-1.4	+4.2	+22.2	+20.9
French franc	+20.4	-1.4	+5.9	-0.9	-9.7	+5.7	+6.9
Canadian dollar	-4.1	-10.9	+0.5	-2.5	+0.7	-7.6	-4.1
Pound sterling	-24.3	-26.2	+1.1	-13.8	-15.9	+11.9	-4.1
Italian lira	-27.0	-34.4	-6.4	-5.0	-21.9	+0.5	+2.5

If we point to the interconnection between OPEC oil revenues and the dollar's value in foreign exchange markets, we can establish a negative correlation between the growth in the OPEC dollar assets and the strength of the dollar. I elsewhere demonstrated that with the exception of the 1975 recession, which triggered a short fall in world demand for crude oil, reduced the expansion in OPEC oil revenues and eased international pressure on the US currency in exchange markets, the US currency plummeted as a result, among other reasons, of the ever-increasing share of dollar assets in world money supply that resulted from the uptick in prices of crude oil in world trade markets.⁶² Against this macroeconomic dynamic, prior to the landmark decision of the US monetary authorities to initiate a path-breaking monetary tightening in 1979, it is worth tracking the US strategies to revamp the dollar and the limited extent to which the international economic institutions of Bretton Woods were involved in it, as well as the limited impact that they bore on the planned revamping of the US currency.

As briefly charted, over the course of the 1960s the unfettered outflows of capital from the US markets and the growth of unregulated non-resident Eurocurrency markets had induced the US authorities to implement a number of banking measures designed to reverse such tendency. In that context, although such outflow was linked to the decline of the dollar only since the twin deterioration of fixed exchange rates, stable oil and commodity prices in world markets, and to increased dollar denominated international transactions due to the decision by the oil producers not to accept oil payments in British sterling since London's decision to devalue in 1967, over the course of the decade the US authorities viewed the development of short-term capital

⁶² S. Selva, *Before the Neoliberal Turn*, *op. cit.*, chapter 5.

markets in non-resident European national markets, a large component of which was in dollar, the so called Eurodollar markets, as a threat to the stability of US international payments position and world trade. It was only since the suspension of dollar's convertibility into gold and the skyrocketing increase in the amount of dollar denominated investible surpluses of the oil producers that US authorities changed their approach to it. At the time they started to be committed to influence such dynamics by laying a shift in the investment patterns of the oil producers from short-term inflation sensitive Eurocurrency markets to longer international credit markets much more suitable to resurrect the oil crisis-wrecked supply side of the production chain across the advanced industrial economies.⁶³ It was in this context that the US monetary authorities worked on devising a reflowing mechanism aimed at making short-term capital markets an instrument to stabilize trade and payments, rather than a multiplier for the depreciation of the US currency. Against this backdrop, Washington charged the largest US commercial banks that traded in the Euro-currency markets, and the IMF, with implementing such strategy to tailor short-term highly liquid and inflation sensitive capital markets to the much pressing need to reduce the ever-expanding dollar share in world money supply and to finance the recasting of purchasing power in foreign markets of oil shock-hit developing countries through a set of lending policies. As a matter of fact, since 1974 the Fed and the US Treasury turned to favoring and shaping the international investments of the oil producers in short-term capital markets so as to offset the worsening purchasing power of the non-oil LDCs and the restructuring of demand side conditions in advanced industrial economies that resulted from declining dollar's value and peaking oil prices.⁶⁴ A commitment to reflow the OPEC dollar denominated investible surpluses from the Eurocurrency markets to the non-oil LDCs through the intermediary role of the IMF and the IBRD served the three-fold purpose of reducing the dollar component in world capital markets that had peaked since the first oil shock; and easing off pressure of balance of payments assistance to the LDCs on the US foreign aid policy and the US dollar; furthermore, it helped strike the balance between capital supply and aggregate

⁶³ See documentation in NARA, RG56, Office of the General Counsel. Assistant General Counsel, Records Related to OPEC Financial Affairs 1974-1979, boxes 1-3.

⁶⁴ NARA, RG56, OASIA, Office of the Deputy to the Assistant Secretary for International Affairs, Records Relating to: international Financial Institutions 1962–1981, b. 8, fold. IM-13-8 International Monetary Country Risk 1978–1980, 1 of 3, p. 3, “American Banks during the 1970s and Beyond,” Remarks by Henry Wallich (Member, Board of Governors of the Federal Reserve System) at the Roundtable on Credit Systems in the 1970s Sponsored by the Ente per gli Studi Monetari Bancarie Finanziari Luigi Einaudi, September 3–7, 1980; see also NARA, RG56, OASIA, Office of the Deputy to the Assistant Secretary for International Affairs, Records Relating to international Financial Institutions 1962–1981, b. 8, fold. IM-ID International Monetary: International Capital Flow 1979, Statement by the Honorable Anthony Solomon Under Secretary of the Treasury for Monetary Affairs before Subcommittees of the House Banking, Finance and Urban Affairs Committee, July 12, 1979, pp. 4 and 6.

demand within the advanced industrial economies by which over supply on demand side conditions was likely to trigger a deflationary spiral and a downward sloping trend in the cost of money at least before the 1975 recession. Since the spring of 1974 the US monetary authorities shaped a recycling mechanism that revolved around a pivotal role of both the IBRD and the IMF, as well as the largest US commercial and investment banks.

Basically, since the very beginning of 1974 the OPEC countries began accumulating a large amount of oil revenues: they placed a substantial share of them into the bank accounts they held at the largest New York-based commercial banks. The American banks accepted dollar-denominated Arab deposits and poured that money into the Eurocurrency markets and other short-term international money markets.

Giant American banks such as Citibank or Chase Manhattan Bank had long been involved in the national credit markets of important OPEC member states mostly either to underwrite import credit requirements or to finance national industrial or economic ventures as it was the case of Iran since as early as 1959. Since the end of 1973, the OPEC governments received payments in New York dollar deposits held at the five largest US commercial banks residing in Wall Street, and funds were invested into the circa 30 banks they trusted in the Eurodollar market, primarily in extremely short maturities: call money, seven-day money, one-month money or three-month certificates, available to oil importing countries that suffered from liquidity problems. For instance, in early January 1974 Chase Manhattan Bank received and reflowed Arab countries' deposits through a number of accounts of Arab agency banks it held.⁶⁵ The reflowing of these funds from these Wall Street-based foreign agency banks' accounts to the banks in the Eurodollar markets was the way in which the oil revenues surpluses were poured into the Euro-money market. These Euro deposits were backed by New York dollar deposits "so that the original underlying dollar deposits never leave New York or the US domestic money supply, even though their ownership changes from that of a US oil company to that of an Arab government or Eurodollar bank."⁶⁶ Thereafter, these deposits were used to a great extent to lend short and to a rather limited amount to finance some long-term capital

⁶⁵ Federal Reserve Bank of New York Archive, New York City (henceforth FRBNYA), Presidential Papers, Papers of Paul Volcker (1975–1979), Annual Report-President's Office to Survey of 1978, b. 142572, fold. President's Office. Chase Manhattan Bank 1961–1977, H. Willey (Federal Reserve Bank of New York), Memorandum "The Chase Manhattan Bank," January 28, 1974.

⁶⁶ NARA, RG56, Office of the General Counsel. Assistant General Counsel, Records Related to OPEC Financial Affairs 1974–1979, b. 1, fold. E Part 1 of 2 1974–1979, Thomas Willett to Undersecretary Bennett and Assistant Secretary Cooper, Memorandum "Report on discussions with New York Bankers Concerning Prospective Problems in International Financial Markets," August 7, 1974, p. 5.

markets, mostly the Euro-bond market.⁶⁷ Therefore, the very mechanism on which the process of reflowing oil money was based essentially contrasted with the American policy to draw on the OPEC countries' capital surplus to finance productive investments and to sustain aggregate demand. This because it technically poured petrodollars into liquid placements.

In this context, the US monetary authorities intervened to make the oil producers shift their investments from short-term Eurocurrency assets to longer-investments. A rough analysis of the ways in which the largest American banks where the OPEC nations invested their dollar assets changed their investment patterns confirm this investments pattern.

The foreign branches of the six largest American banks operating in the Eurocurrency markets began relending the OPEC countries' expanding surplus capital and continued through the 1975 recession. Since its inception, this process of relending the OPEC financial assets through Wall Street showed a string of palpable shortcomings. A few months later these concerns and hindrances led the US government to change the way in which Washington made use of the oil revenues' recycling process to confront the US capital account deficit through pressure on the OPEC countries to move to long-term investments. The six largest US banks that poured the OPEC countries' financial assets in their foreign branches operating in the Eurocurrency market, and mostly in the Eurodollar portion of it, were Chase Manhattan Bank, Bank of America, Chemical Bank, Citibank, Manufacturers Hanover and Morgan Guaranty.⁶⁸ As of April 1974 the bulk of oil payments deposited in the Eurocurrency markets were mainly in dollar and British Pound.⁶⁹ In the aggregate, during the first eight months of the year, Eurocurrency lending by US banks including both lending by domestic offices and portfolio investments by foreign subsidiaries located in the Eurocurrency markets increased by roughly over 3 percent a month.⁷⁰ If one disaggregates this data by foreign subsidiaries specializing in short-term lending and US-based domestic offices trading in long-term financial instruments, it is possible to deduce that the recycling of OPEC nations' financial assets in short-term Euro-money markets peaked during the first quarter of the year. Thereafter, US domestic offices took the lead in

⁶⁷ NARA, RG56, OASIA, Chronological Files of the Office of Financial Resources and Energy Finance 1974–1977, b. 2, fold. TEFPP: Office of Financial Resources Policy Coordination-Permanent Chron. File, December 1975, “US Estimates of OPEC Investments”, undated.

⁶⁸ FRBNYA, Central Files, Meetings of Secretary of Treasury with New York Financial Men 1958–1981.

⁶⁹ At year-end 1974 the share of OPEC's dollar denominated investments in the United States and that of sterling denominated investments excluding the Euro-banking market in the United States on total OPEC placements amounted to 19 and over 10 percent respectively: see NARA, RG56, OASIA, Chronological Files of the Office of Financial Resources and Energy Finance 1974–1977, b. 2, fold. TEFPP: Office of Financial Resources Policy Coordination Permanent Chron. File, December 1975, Department of the Treasury, “US Estimates of OPEC Investments,” undated (1975).

⁷⁰ Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, 61, 1 (1975), p. A72.

shaping the international investments of the largest American banks in longer and less inflation-sensitive capital markets.⁷¹ Therefore, the investment shift was paired with a shift from foreign branches to domestic offices of US banks.

From the view point of this contribution on the initiative of the international economic institutions to absorb the share of dollar assets in total world money supply as a way to support the dollar in international markets, such New York Fed-promoted shift from short-term investments mostly carried over by the foreign branches of American banks that operated in the Eurodollar markets, to the domestic branches inclined to fuel fixed capital formation and productive investments, was consistent with American aim to strengthen international confidence in the US currency. As a matter of fact, long-term investments were premised over a substantial absorption of capital supply, whereas short-term investments managed by overseas branches would imply a growing share of non investible inflation-sensitive liquidity that would add to the dollar component in world liquidity and jeopardize further the US currency in international exchange markets.

Within this framework, Washington made a twin bet on the US commercial and investment banks, on the largest brokerage houses, and on the IMF financial facilities, in order to favor such process. Since the spring of 1974, even as the OPEC nations heavily pumped money into Eurodollar and other Eurocurrency deposits through the Wall Street banks, the creation of a number of multilateral recycling arrangements under the institutional umbrella of the IMF and the IBRD were extensively discussed.

Over the course of the summer of 1974 such discussions on the international investments of OPEC and the contribution of private banking to the recycling process led Washington and its Western partners to devise a string of projects aimed at containing the involvement of commercial banks. For instance, following a first proposal, which appeared as early as March of that same year, in July the Shell Oil Company discussed with the BIS a plan to have the BIS serve as a sort of clearing house for oil payments that would prevent the oil surpluses from going into the hands of commercial banks and would reduce the volume of dollar-denominated oil payments, thus curbing the effects of oil trade on the international supply of dollars and its stability in exchange markets.⁷²

⁷¹ NARA, RG56, Office of the General Counsel. Assistant General Counsel, Records Related to OPEC Financial Affairs 1974–1975, b. 2, fold. G Part 1 of 3 1974–1975, “Outlook for International Lending by Banks in 1975,” March 24, 1975. See also *Treasury Bulletin*, March and April 1976.

⁷² International Monetary Fund Archive, Washington DC (henceforth IMFA), Middle Eastern Department Immediate Office fond (henceforth Medai), Medai Subject Files, b. 71, fold. 3 (June 1974–August 1974), G.

Certainly, statistical reports about the oil producers' deposits with the largest private banks track their full involvement in this story and the issue of international flows and deposits denominated in US dollar, a sticky issue to the US objective of propping up its currency through the institutions of Bretton Woods.

A 1975 report by the Fed to the Senate Subcommittee on Multinational Corporations brought forth that the six largest US banks (Chase Manhattan Bank, FNCB, Hannover Trust Corporation, Morgan Guaranty, Bank of America, Chemical Bank) had \$11.3 billion in deposits from Middle East and North African oil producers, equal to 4.5 percent of the banks' total assets, in addition to the roughly \$2.57 billion in deposits from other members of OPEC, including Venezuela and Indonesia. The total deposits of the six largest banks from oil producers were roughly equal to their total deposit liabilities to the financial centers of non-oil producing countries, including Panama, the Bahamas, Singapore and Switzerland.⁷³

Notwithstanding such early involvement of private banks in reflowing the oil producers' dollar assets as a way of both squeezing the volume of dollar assets in international liquidity to support the US currency, and providing vital support to oil deficit developing countries, since the quadrupling of oil prices sheds a grim shadow on the international payments position of the LDCs and the least advanced industrial nations, the IMF got involved in the process of balance of payments deficit financing and contributed to such dollar-adjusting techniques. In light of projected current account deficit for the LDCs, since the beginning of 1974 the managing director of the IMF Witteveen fine-tuned the establishment of an oil facility to provide temporary and limited assistance for developed and less developed countries facing difficult financial prospects due to the oil price rise.⁷⁴ From the view point of this contribution, it is worth noting that since its creation the oil facility was to borrow a large portion of its funding from the oil producers. More importantly, borrowings would be denominated in SDRs to minimize the financial strains of the oil facility on the US currency and in order to prevent it from plummeting further in exchange markets compared to the past decade or so.⁷⁵

Gunter to Witteveen "Proposed Recycling Scheme through BIS," August 1, 1974; *ibid.*, Shell Oil Company, "Aid Memoire", March 13, 1974.

⁷³ "Fed Shows Scope of US Deposits from Oil Lands", *The Wall Street Journal* March 12, 1976, p. 4.

⁷⁴ NARA, RG56, OASIA, Office of the Deputy Assistant Secretary for International Monetary Affairs, briefing Books 1971–1980, b. 1, fold. Briefing Material G-10 Deputies' Meeting, November 20–21, 1974, A.K. Rawlinson (the British Embassy in Washington) to W. Simon (The US Secretary of the Treasury), note, September 17, 1974.

⁷⁵ A.D. Crockett, Memorandum for the Files "Financing the Oil Facility" March 22, 1974; J. Witteveen to G. Shultz (US Secretary of the Treasury), 21 March 1974, both in IMFA, Office of Managing Directors Series, Witteveen Files, Chronological Files, b. 1, fold.

Therefore, since its establishment the oil facility and the institutional reflowing of the OPEC oil producers' dollar assets through the IMF was specifically aimed to reduce the quantity of dollar assets in world financial markets. Although the IMF was involved in such clear-cut international monetary approach to resurrect the competitiveness of US and any economy which purchased commodities and consumer goods traded in US dollars, the IMF was largely unsuccessful in contributing to such strategy. In fact, on the one side some OPEC oil producers showed their inclination to finance the two sister institutions of Bretton Woods as a way of strengthening their bilateral diplomatic and economic bonds with Washington. On the other, however, as a community OPEC resisted such institutionalization aimed at combining assistance to the non-oil LDCs with full support for the dollar through the Bretton Woods institutions. The former was the case of Iran's attitude to the creation of the IMF oil facility. On February 21, 1974, the Shah discussed with Robert McNamara, then still President of the IBRD, and Johannes Witteveen, Managing Director of the International Monetary Fund, three proposals for the recycling of OPEC oil revenues. On the one side he proposed to buy IBRD bonds and to finance the IMF oil facility whose creation Witteveen had recently brought before the international community and the public opinion. Such proposal for lending to the IBRD was immediately approved by the US government and highlights Teheran's strategy to use oil revenues to strengthen its bilateral relations with Washington.⁷⁶ The latter was the case of the increasing attempt by the oil producers to directly lend to the non-oil LDCs. In fact, it is true that in the aggregate, at year-end 1975 the OPEC investments in IBRD bonds and in the IMF oil facility had increased by 10 percent compared with 6 percent in 1974.⁷⁷ However, the OPEC countries began resisting to place their dollar assets with any of the Washington-based Bretton Woods institutions and their inclination to lend to the LDCs directly began as early as 1974.

Along this line of action, as soon as the fourfold oil price increase triggered a rise in the investible resources of OPEC capital surplus countries, the government of Venezuela proposed that OPEC establish a special fund to help the LDCs meet higher petroleum costs. By the third quarter of 1974, Saudi Arabia, Iran and Kuwait bore the largest share of concessional aid to the non-oil LDCs; by that time Egypt and Syria received about 60 percent of total concessionary

⁷⁶ NARA, RG56, National Advisory Council on International Monetary and Financial Policies (henceforth NAC), NAC Staff Committee Minutes 1974, b. 2, fold. Meeting n. 74-1 through 74-21, NAC, NAC Staff Committee Minutes, Meeting 74-14, March 19, 1974.

⁷⁷ NARA, RG56, OASIA, Chronological Files of the Office of Financial Resources and Energy Finance 1974–1977, b. 2, fold. TEFPR: Office of Financial Resources Policy Coordination. Permanent Chron. File December 1975, Office of Financial Resources and Energy Finance, “Us Estimates of OPEC Investments,” December 1975.

aid by the OPEC countries to non-oil exporting LDCs, followed by India and Pakistan.⁷⁸ These early moves by the largest OPEC oil producers to connect the meteoric rise in their financial resources to the LDCs' imbalances caused by the oil crisis highlight their attitude towards directly extending loans across the globe and to bypass the Western world. Such an early move is quite important as it helps explain the way in which the OPEC countries reacted to the Western attempt to lock their funds in multilateral arrangements set up within the IBRD and the IMF and under US leadership. According to IBRD estimates, during the first eight months of 1974 the OPEC countries had transferred a total of \$ 16 billion to developing countries and international lending institutions, of which roughly over \$ 7 billion had been appropriated directly to the LDCs.⁷⁹

Along with such early and deep-seated attitude by the OPEC oil producers to bypass the process of institutionalization of reflowing their dollar assets through the Bretton Woods institutions, the US strategies to absorb the outstanding dollar assets of oil producers in support for Washington's bolstering of the US currency found with the recalcitrance of US commercial banks charged with reflowing dollar denominated oil revenues into the longer term capital markets apt to fuel fixed capital formation, a further hindrance. To quote just a few, for instance in September 1974 Morgan Guarantee Vice President Rimmer de Vries made the argument that the rapid pace of expansion of foreign loans undertaken by the American banks in recent months — by some \$12.5 billion over the first half of the year according to his calculations — were not to continue for two fundamental reasons. On the one side he declared that the banks' normal prudential approach to risk management on the liability side of their balance sheets was increasingly inhibiting their acceptance of large short-term deposits from oil exporters, often accepted only at a discount. On the other hand, he pointed out that the banks' deposit to capital ratios was increasingly out of line, and banks were reluctant to expand their equity base at present price-earnings multiples.⁸⁰ On his part, in the summer of that same year, Bank of America President Clausen went so far as to directly call on the IMF and other official institutions to find alternative channels for recycling oil money with the aim of using the surplus of the oil-producing countries to finance the deficit of oil-importing nations. Without calling

⁷⁸Department of the Treasury, OASIA, "OPEC aid Commitments to non-Oil Exporting LDCs," September 20, 1974, in DDRS.

⁷⁹ IMFA, Medai Subject Files, b. 75, fold. 1, Ernest Sture to the Managing Director, 'Financial Arrangements of Certain Oil-Exporting Countries in 1974', September 24, 1974.

⁸⁰ NARA, RG56, OASIA, Office of the General Counsel, Assistant General Counsel, Records Related to OPEC Financial Affairs 1094-1979, b. 1, fold. G Part 2 of 3 1974-1975, D. Keyser to T. Willet, Memorandum "Recycling Petrodollars: Aspects of Financial Market Behavior", September 23, 1974. See also *The Financial Times*, September 24, 1974.

into question the bank exposure of American banks committed to lending to the LDCs, he made the point that a larger involvement of the international institutions in the process would ease the pressure of the recycling process on the Euromarkets.⁸¹

Against this backdrop, the American policy in order to stem the shift in the investment patterns of the oil-producing countries to long-term financial instruments in support for the capital supply side coincided with a wide-ranging awareness about such growing reluctance and unsuitability of private capital markets, as well as a pressing need to set up some form of capital controls and surveillance.⁸² In fact, American commercial bankers relentlessly repeated their unwillingness to bear the cost of recycling even as the Federal Reserve Bank of New York and the Comptroller of the Currency pressed them to adopt a much more strict lending policy and to scrutinize the creditworthiness of borrowers.⁸³

In addition to this reportedly recalcitrance by the leading US commercial banks to channel the OPEC international investments into LDCs ever-less able to repay their external debt and borrowing, the recycling mechanism revolving around the short-term Eurocurrency markets and international credit markets, and the active role of leading international commercial banks, was widely called into question within the US political system.

From as early as 1974 through the resurging of the OPEC investible surpluses around 1977, the issue of private bank lending as a source of balance of payments deficit financing on either the LDCs or the advanced industrial economies hit the most by the international oil and capital markets development alternative to international institutional arrangements such as the IMF facilities and the IBRD development finance programs, came to center stage to the US political debate. In the spring of 1975 the Subcommittee on Multinational Corporations of the Foreign Relations Committee, the so-called Church Subcommittee of the US Congress, began collecting data from the largest US commercial banks on their foreign assets and liabilities. This collection of data, that called American banking to disclose data on their involvement in reflowing dollar assets of oil producers, was relentlessly opposed by all five largest US banks throughout the year. It sheds light on the widespread concern in Washington about the possibility of OPEC

⁸¹ *Euromoney*, 1974, p. 4.

⁸² NARA, RG56, OASIA, Office of the General Counsel. Assistant General Counsel, Records Related to OPEC Financial Affairs 1974–79, b. 2, fold. F Part 4 of 4 1974–78, Department of the Treasury, “Problems faced by banks”, 4.9.1974.

⁸³ NARA, RG56, OASIA, Office of the General Counsel. Assistant General Counsel, Records related to OPEC Financial Affairs 1974–1979, b. 1, fold. G Part 2 of 3 1974–1975, D. Keyser to T. Willet, Memorandum “Recycling Petrodollars: Aspects of Financial Market Behavior,” September 23, 1974.

withdrawals from their investments and deposits with the US banking system.⁸⁴ As the debate on banking disclosure continued over the course of 1976 and 1977, the US political system and the American public opinion debated the broader issue of such financial dependence on Middle Eastern depositors in terms of its implications on the stability and soundness of US foreign branches and subsidiaries of US banks, their capital structure, the structure of their liabilities and their profitability, as well as the impact on their non-banking activities.⁸⁵ Widespread expectation for soaring posted prices of oil by OPEC in 1977 fueled this concern in Washington: within the Department of the Treasury's office charged with studying and managing the US foreign financial relations, for instance, "the financing of 1977 deficits of oil importing countries could present some real difficulties. The assurance of continued expansion of private bank lending to the less creditworthy LDCs and certain DCs won't be easy to achieve."⁸⁶

Moreover, insofar as the recycling mechanism had been premised over smooth financial flows from the oil producers to the commercial and investment banks that served as intermediaries and brokers between investors and borrowers, such process met a hindrance in the so called maturity imbalance issue that made short-term lending by the OPEC countries at variance with longer lending by the banking intermediaries to developing or developed borrowing nations.

In this context of mismatches between the oil producing investors, the western commercial banks charged with reflowing their dollar denominated assets, and the international economic institutions of Bretton Woods committed to tailor the process of recycling to the larger US objective of reducing dollar assets in world money supply, under the Carter administration on the one side Washington shifted its strategy in support for the dollar from such foreign financial policy to monetary policy. On the other, it progressively revamped the role of the IMF and the

⁸⁴ FRBNYA, Rosemary Lazenby, Mr. Kubarich 's Files, b. 114512, A. Burns (Chairman, Board of Governors Federal Reserve System) to Honorable Frank Church (Chairman, the Subcommittee on Multinational Corporations of the Foreign Relations Committee), March 9, 1975; Request by Church Subcommittee Chronology', November 11, 1975; P.E. Coldwell (board of Governors member) to Sen. B. Rosenthal (Chairman, Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations), July 13, 1979. See also NARA, RG56, Office of the General Counsel. Assistant General Counsel, Records Related to OPEC Financial Affairs 1974-79, b. 3, fold. N Part 1 of 2 1977-1978, C. Cooper- G. Parsky, Memorandum for Under Secretary Yeo "Church Subcommittee Request for Bank Data", undated (but 1975). As for resistance to divulgate requested data by all major New York City banks (Manufacturers Hanover, Chase Manhattan Bank, Citibank, Morgan Guarantee) see correspondence with bankers by the Board of Governors of the Federal Reserve System held in NARA, RG56, Office of the General Counsel. Assistant General Counsel, Records Related to OPEC Financial Affairs 1974-79, b. 2.

⁸⁵ NARA, RG56, OASIA, Chronological Files of the Office of Financial Resources and Energy Finance 1974-1977, b. 2, fold. OASIA/OFREF Perm Chron Oct 1976, William Witherell (OASIA) to Assistant Secretary of the Treasury Parsky, 'Study of International Banking Issues', October 6, 1976.

⁸⁶ NARA, RG56, OASIA, Chronological Files of the Office of Financial Resources and Energy Finance 1974-1977, b. 2, fold. OASIA/OFREF Perm Chron Oct 1976, Bil Witherell to Deputy Assistant Secretary Niehuss 'Petrodollar Recycling' September 30, 1976.

IBRD to complement private banks in drying up the dollar component of world capital markets and in laying a shift in international investments and lending to the least developed and developing economies hit the most by the depreciation of the US currency and international inflation. As a matter of fact, insofar as during the Carter administration the almost unfinished depreciation of the dollar reduced the value of non-liquid assets of the OPEC countries, be them either on the equity or security markets, the international investment mechanism of their oil revenues in which the largest US commercial banks had been continuously involved since 1974 became unstable. On the other hand, however, on average during these years the US economy enjoyed a growth substantially higher than any other industrial economy. This growth triggered and accounts for the increasing demand for bank credit typical of the Carter years. Such booming bank credit market increased interest rates differential with most surplus countries, thus attracting investors from those countries. These patterns in loan rates and investments permitted Washington to use interest rates to counteract its current account deficit.⁸⁷ Notwithstanding, as a result of ever expanding Eurodollar markets, oil transactions in US dollar, and the late decade attitude of deficit countries to borrow dollars from surplus OECD countries, such attraction of foreign capital through interest differential was clearly not sufficient to sustain the value of the dollar in foreign markets and to calm ever-noising complaints to Washington by the OPEC investors about the depreciation of their dollar investments.⁸⁸ Moreover, at the end of the decade, in particular in connection to the implications on international payments of the second oil crisis, direct assistance from OPEC to balance of payments deficit countries was expanded and was to lay the seeds for sustained oil payments and other commodity transactions in US dollars. As a matter of fact, the OPEC Special Funds founded in 1976 to lend money to the non-oil LDCs directly, expanded its budgets and increased the volume of its appropriations to the non-oil LDCs. In June 1979 the OPEC ministers decided to increase the resources of the Special Fund by \$ 800 million from \$ 1.6 billion to \$ 2.4 billion, whereas during that year the Special Fund approved a stunning number of balance of payments support programs and development project loans to the most seriously affected LDCs.⁸⁹ It was

⁸⁷ NARA, RG56, OASIA, Office of the Deputy to the Assistant Secretary for International Affairs, Records Relating to International Financial Institutions 1962-1981, b. 2, fold. IM-5 Boards, Committees, Organizations, Panels, Working Groups 1977-1978, George H. Willis (US Department of the Treasury) to Deputy Assistant Secretary Widman, 'Some rough Thoughts for Talking Points for WP-3', November 15, 1977.

⁸⁸ S. Selva, *Before the Neoliberal Turn*, *op. cit.*, chapter 5.

⁸⁹ Among other OPEC members that donated their profits to finance the development assistance activities of the IMF Trust Fund it is worth mentioning Iraq, Kuwait, Saudi Arabia: see Ibrahim F. I. Shihata to J. H. Witteveen (IMF Managing Director), December 16, 1977; The IMF Washington Dc to the OPEC Special Fund, cable, December 23, 1977; Briefing Papers of the Managing Director's Meeting with Dr. Ibrahim F. I. Shihata, Director

within the framework of these multiple factors that the US made a case for revamping the role of the Bretton Woods institutions in promoting development assistance. In order to prevent -or at least contain- the oil producers from promoting direct assistance to the non-oil LDCs that was likely to increase the volume of dollar denominated international transactions, a path-breaking new policy was to make the IMF finance its balance of payments assistance programs to the developing and industrial countries most seriously affected by the two-fold depreciation of the dollar and the second oil price hikes: the IMF was to resort to OPEC and its Special Fund. Since 1977 most leading members of OPEC had donated through the OPEC Special Fund their share of the profit of surplus value of the IMF gold sales to the OPEC Special Fund. The Special Fund transferred these profits to the IMF Trust Fund for the benefit of developing countries.⁹⁰ Notwithstanding this commitment by the Carter administration to bring the IMF and the IBRD back to center stage in the US policies to combine an ongoing fight against the depreciation of the dollar through the reduction in the component of dollar assets in world capital supply and central banks holdings with continued support for the non-oil LDCs purchasing power in foreign markets, the contribution of the two Washington-based international economic institutions made therefore way to the new international financial powers that rose on the world financial stage during the decade.

Conclusion

Therefore, the failure of the IMF and the IBRD in bolstering the value of the US currency and in stabilizing international trade and payments stemmed not only from the initiative of the OPEC oil producing countries, that at the end of the time period considered in this chapter took advantage of their booming dollar-denominated investible surpluses to increase their influence over the least developed economies. It is also worth considering the ongoing role of the largest US and western commercial banks, that notwithstanding their long-standing recalcitrance to bank exposure to developing countries that featured a poor-debt service capacity, at the turn-of-the-decade still played a substantial role in the recycling of dollar-denominated assets⁹¹ that

General of the OPEC Special Fund, October 29, 1979, all documents are located in IMFA, MEDAI, MEDAI Subject Files, b. 75 (OPEC), fold 10 (OPEC Special fund 1976-1977).

⁹⁰ IMFA, MEDAI, MEDAI Subject Files, b. 75 (OPEC), Briefing Papers of the Managing Director's Meeting with Dr. Ibrahim F.I. Shihata, Director General of the OPEC Special Fund, October 29, 1979.

⁹¹ In 1979, the OPEC deposits at the eight largest New York banks amounted to over 11 percent of their total deposits in domestic and foreign offices: just over half of total OPEC deposits were liabilities of Citibank. More importantly, OPEC deposits at domestic offices of those eight largest banks amounted to over 21 percent of these banks' net Federal Funds position, while at foreign branches and subsidiaries of the banks these deposits were still over 54 percent of the banks' Eurocurrency placements with foreign banks. From December 1975 to December 1978 the deposits of Middle East oil producing countries in foreign branches of the six largest US banks peaked

accrued to the OPEC nations. The combining of these two factors reduced the efficacy of the IMF and the IBRD programs and jeopardized the restructuring of dollar's hegemony on the world system of financial transactions and exchange in goods and services.

To sum it up, prior to the second half of the 1960s the US governments had largely neglected the potential role of the two sister institutions of Bretton Woods in propping up the strength of the US currency by reducing or containing the share of dollar assets in world liquidity. Later on, from the time period when both of them were deeply involved in reaching that target in the second half of the 1960s through to the US decision in late 1979 to lay a policy shift from balance of payments deficit financing policies to monetary policies in the aim to stabilize the world trade and payments system under a revamped US dollar's hegemony, neither of the borrowing programs or multilateral financial arrangements established under the two institutions in order both to resurrect the dollar and to prevent the non-oil LDCs from slipping away from the world trade and payments system, did work efficiently owing to the ascendancy on world financial stage of both the oil producers and the largest western commercial banks within the framework of the recycling of the oil revenues in world financial markets.

from \$197.5 billion to \$274 billion. See FRBNYA, Central Files, b. 114512, fold. OPEC, P. Coldwell (Member, Board of Governors of the Federal Reserve System), Statement before the Commerce, Consumer, and Monetary Affairs Subcommittee, Committee on Government Operations, House of Representatives, Table 3, July 18, 1979.

International aspects of local policies

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INTERNATIONAL ECONOMIC CONTROL AND NATIONAL ACCOUNTS
IN PRE-WWI GREECE

State bankruptcies all around the globe have been frequently observed during the last quarter of the 19th century. The international capital market expansion during the second phase of the industrial revolution is linked with a variety of such incidents, the Greek state 1893 bankruptcy included.¹

Economic development in Greece at the end of the 19th century must be seen through a perspective that will highlight the international network of relations and dependencies in which the country was integrated. At the classical gold standard era (1880-1914) capital flows were sustained from developed countries to the peripheries as a sovereign debt. By the last quarter of the nineteenth century, due to excessive borrowing, countries like the Ottoman Empire, Russia, Egypt, Portugal, Argentine and Greece could not pay their debt. One measure adopted was the establishment of International Financial Control (IFC) Organizations. In Greece the period of heavy borrowing commenced with the period of annexation of Thessaly (1881). The borrowing terms were unfavorable, and the loans were used in an inefficient way, while the governmental attempts to compromise with the lending parties failed. This led the country to bankruptcy in 1893, the war of 1897 and the International Economic Control of 1898. The area of Thessaly remained under Ottoman occupation until Greece had complied with the mandates of mediator states. In the case of Greece six countries (Austria-Hungary, France, Germany, Great Britain, Italy, and Russia) appointed representatives to the Commission.

The national accounts of the Greek state have often been part of political debates and historical research. Their extent and direction were widely negotiated, while there has often been criticism on their way of handling and transparency. The relative analysis has rarely been based on full and reliable evidence.² Historical research has mostly dealt with the budgetary sums, which are quite far from the actual payments. The modern Greek political scene was dominated by

¹ C. Bregianni, *Modern Greek Currency. State and Ideology in the Greek State*, Athens, Academy of Athens, 2011, in Greek, p. 218.

² For example: S. Deimezis, *Le contrôle international sur les Finances Grecques*, Athènes, Konstadinidis, 1898.

responsibility seeking and an effort to blame persons and policies. The questioning was wide and vivid.³ The numerous analysis did not only focus on borrowing terms but also on the counterproductive orientation of investments realized through credit. The political debate however was reduced to a context of poor-quality political confrontation.

The military expenses were carried out through foreign loans, internal credits and voluntary subscriptions. Through the study of national accounts, it seems that the defensive expenses of the Greek state during the 1887-1896 decade were on average 20% of the total state spending. The largest part of them (13%) was absorbed by the infantry, while the navy absorbed a less but not negligible 7%. At the same period, education absorbed only 4% of total spending. Public debt payments of the period (which precedes the 1897 war) were quite inflated, reaching 33% of total spending. Public debt payments and military expenses together covered about 53% of total payments. This could be considered a fiscal wound that bled incessantly and had to do with the conditions under which the Modern Greek state was formed at the side of the decaying Ottoman Empire. Apart from the infantry expenses, only 7% was spent for equipment, while a serious purchase of equipment was carried out only in 1897. The military navy instead used 52% of its resources to buy military ships and equipment.⁴ It should be noted that military equipment expenses were directed abroad and there had not even been a plan of organizing a national production of light weapons.

The war was a factor of deterioration for the fiscal problem, given its cost and especially given to the war reparations. The yearly budgets reassure us that the Greek state was burdened with paying 140 million drachmas, a sum that was equal to its year-and-a-half expenses. Our estimation is based on the valuation of the elation of public payments observed in 1897 and 1898 in comparison to the previous three and next three years.⁵

If we add these sums with the burden of the increase of public debt payments in 1898, which was imposed on the Greek state through the overwhelming terms after the defeat, then we reach to a sum of 210 million drachmas (in 1897 drachmas), which gives us a view of the caused cash distress, since it is more than twice the size of total state payments for two years. This huge burden of public fund was not as perceptible as expected because it happened during a period of indebtedness.

³ T. Nasiaras, "The Greek nation in crisis. Politics and Citizens in periods of crisis (1843, 1893, 1932)", Phd thesis, Aristotle University of Thessaloniki History Department, Thessaloniki, 2014, in Greek, pp. 64-87.

⁴ A. Antoniou, « Les dépenses publiques en Grèce 1833-1939 », Phd thesis, Université Paris-1 Panthéon-Sorbonne, Paris, 2004, pp. 131-140.

⁵ Ministry of Finance, *Accounts for the years 1897-1904*, Athens, 1900-1918, in Greek.

There have been claims that the Greek-Turkish war of 1897 was incited by the Great Forces, by stirring up the super-patriotism of hothead Greeks, so as to impose the International Financial Committee and to secure bondholders.⁶ After the 1897 war, all kinds of Modern Greek state weaknesses and lags were posed at the center of political discussion, on a much more pragmatic basis. A result of the war was the imposing of international financial control. The law on international financial control granted the lenders all revenue of monopoly products, such as salt, matches, oil etc. As well as that, they were also granted the revenue of tobacco taxes, stamp duty and the revenue of Piraeus Customs duties.⁷ The positive side of the fiscal condition had to do with the application of a strict handling pattern for the public spending by the IFC. The payroll of the committee members was at all insignificant, as it surpassed the payroll of most ministries' central services of the time.⁸

GDP per capita, at constant prices, was abated during the period of 1893-1900, especially due to the fiscal crises and the Greek-Turkish war. The GDP increase during 1901-1910 was an important one, since it reached about +8% in relation to the average of 1881-1892 and about +14% in relation to the 1893-1900 average. The flourishing of global economy of the time seems to drift the Greek economy as well.

During the examined period, the primary production sector is sovereign. At the period of 1881-1893 the primary sector produces an average of 69% of the GDP, the secondary one around 7% and the tertiary one around 24% of the GDP. The first increases in secondary sector participation in the GDP can be observed in 1899, when for the first time it contributes to the GDP with a two-digit percentage. In 1904-1910 the primary sector seems to have a decreased average participation of 59% in the GDP, while the secondary sector seems boosted and doubles its participation to reach 14% of the GDP. The tertiary sector looks also boosted, with a 28% average of the GDP in 1904-10. The important upward trend of the secondary sector during the examined period does not challenge the sovereignty of the primary sector, which used to produce 10 times bigger part of the GDP than the secondary one during 1881-1903 and more than 7 times bigger part in 1904-10. In spite of the increase in industrial production, the agricultural character of the Modern Greek economy of the time is not put into doubt (Table 1).

6 K. Loulos, *German politics in Greece 1896-1914*, Athens, Papazisi, 1991, in Greek.

L. Tsoulfidis, *Greek Sovereign Defaults in Retrospect*, Online at <https://mpira.ub.uni-muenchen.de/42843/>.

7 Official Journal of the Kingdom of Greece, issue A' / 28/26 February 1898.

8 *Proceedings of the sessions of the Greek Parliament 1897-1898*, Athens, 1898, in Greek, pp. 15-76.

Table 1. Allocation of GDP by Production Sector⁹

Year	Primary Sector	Secondary Sector	Tertiary Sector
1881	67%	6%	27%
1882	73%	6%	20%
1883	73%	6%	21%
1884	73%	6%	21%
1885	67%	6%	27%
1886	64%	6%	30%
1887	71%	6%	23%
1888	71%	6%	23%
1889	69%	6%	25%
1890	69%	6%	25%
1891	71%	6%	23%
1892	71%	6%	23%
1893	72%	6%	22%
1894	70%	7%	23%
1895	69%	7%	24%
1896	72%	7%	21%
1897	63%	8%	29%
1898	70%	8%	22%
1899	65%	10%	25%
1900	67%	9%	25%
1901	68%	9%	23%
1902	65%	10%	25%
1903	63%	12%	26%
1904	57%	14%	29%
1905	59%	13%	28%
1906	58%	14%	29%
1907	58%	14%	28%
1908	57%	15%	28%
1909	59%	15%	26%
1910	54%	16%	29%

⁹ Data processing from G. Kostelenos et. al., *GDP 1830-1939*, KEPE, Athens, 2007, in Greek.

Public spending, as a percentage of the GDP, shows an important upward trend starting from 1887, when the country started showing the first signs of indebtedness. It is the period of 1887-1910, during which its increased percentage of the GDP ranged from 17 to 21% (Table 2).

Table 2. Evolution of Revenue and GDP¹⁰

Year	GDP	Annual Revenue	Revenue As Percentage of GDP
1881	340.537.237	46.803.302	14%
1882	378.493.245	57.100.595	15%
1883	402.037.420	58.537.556	15%
1884	409.597.771	60.744.637	15%
1885	404.370.356	59.374.676	15%
1886	427.884.977	63.103.541	15%
1887	445.552.567	82.849.805	19%
1888	457.843.916	89.551.395	20%
1889	441.011.848	83.269.914	19%
1890	463.711.498	79.554.075	17%
1891	506.074.775	85.584.470	17%
1892	530.183.043	94.669.895	18%
1893	550.345.214	92.954.145	17%
1894	497.796.032	99.717.622	20%
1895	519.172.168	94.657.066	18%
1896	551.490.094	95.282.033	17%
1897	512.247.564	86.358.589	17%
1898	568.609.039	102.685.061	18%
1899	542.817.095	109.777.622	20%
1900	585.318.900	108.637.650	19%
1901	663.880.009	114.746.300	17%
1902	638.047.417	114.409.904	18%
1903	623.984.536	114.837.885	18%
1904	572.452.526	115.883.095	20%
1905	579.591.946	122.436.117	21%
1906	604.516.897	125.909.923	21%
1907	646.723.396	128.423.160	20%
1908	638.396.799	122.989.119	19%
1909	689.464.639	121.632.214	18%
1910	660.869.107	133.813.277	20%

This increase is of course accompanied by an important augmentation in tax revenue. In the distribution of public tax revenue one can observe a prevalence of indirect taxation. Between

¹⁰ Revenue does not include revenue from loans. Data processing from the annual accounts of the period 1881-1910= List of published Accounting Data at the end of the article & G. Kostelenos et. al., *GDP 1830-1939*, KEPE, Athens, 2007, in Greek.

1889 and 1910 the indirect taxes range between 16 and 21% of tax revenue. After 1897 there has been a strong upward trend of indirect taxes, especially consumption taxes, which are the easiest to collect but also the biggest tax burden for the popular classes. The actual consumption taxes from 1898 to 1910 consist 37-43% of tax revenue (Table 3).¹¹

Table 3. Tax Revenue Allocation¹²

Year	Direct Taxes	Consumption Taxes	Fees	Monopolies	Other Revenue
1889	21%	32%	18%	12%	17%
1890	19%	34%	18%	12%	17%
1891	21%	33%	17%	11%	17%
1892	20%	32%	19%	11%	18%
1893	22%	31%	21%	12%	14%
1894	19%	34%	19%	11%	16%
1895	20%	35%	19%	13%	13%
1896	19%	36%	20%	12%	12%
1897	16%	39%	17%	13%	15%
1898	17%	41%	19%	12%	12%
1899	18%	38%	19%	12%	15%
1900	18%	37%	20%	12%	13%
1901	19%	38%	13%	12%	19%
1902	18%	39%	12%	12%	19%
1903	17%	39%	12%	13%	19%
1904	16%	40%	12%	13%	19%
1905	16%	39%	11%	12%	21%
1906	17%	43%	12%	11%	18%
1907	17%	43%	11%	10%	18%
1908	17%	43%	12%	11%	18%
1909	18%	41%	12%	11%	18%
1910	17%	43%	12%	10%	18%

¹¹ A. Antoniou, “Trends in fiscal aggregates from the imposition of International Financial Control to the Goudi movement”, *The first decade of the twentieth century Changes and reversals, Proceedings of the Scientific Symposium*, 2009, in Greek.

¹² Source: Data processing from the annual accounts of the period 1881-1910= List of published Accounting Data at the end of the article.

The total revenue of the commission showed a considerable increase in a period of 15 years, and it constituted on average 40 per cent of total state revenue.¹³

Observing the evolution of expenses during this period, not only as an independent fiscal variable but also in its relation to the GDP of the time, we may be led to the assessment that the rearrangements caused by the Eastern issue and the threatened or on-going warfare have strongly affected the boost of public expenses. This is the reason of public expenses increases in 1881, 1885, 1886 and 1897-98. After 1898 and until 1910 the public expenses range between 13-16% of the GDP. This percentage is not much less than the expenses of the previous period (1881-1898), except for the years of war. We could reasonably assume that the often planned cut government spending programs did not deliver the expected results.

The orientation of public spending in this period is all the more stable. The two bigger expenses categories, military and public debt expenses, continue to dominate in the budgets. The public debt payments usually surpass 25% of total expenses and may reach up to 58% of total expenses. Military expenses tend also to reach extremely high levels. Together with debt service costs in 1899-1910 the military expenses absorb more than 60% of public expenses, leading to a policy of developmental suffocation (Table 4).¹⁴

The signs of financial recovery, which were more obvious after the middle of the first decade of the 20th century, allowed for the initiative of strengthening for the Greek armed forces. There have been efforts to reduce the number of militants as well as a systematic effort to purchase equipment for the army and the navy and to improve armed forces training. Especially after 1900, special funds were created in order to aid the effort of equipment upgrade. These funds were an extra burden for the budget but did also have revenue of their own.¹⁵

An orientation towards public works expenses, that was obvious in the past decades, ceases to be present. Educational expenses remain nailed to the usually low levels for the Greek state. They are always represented in single-digit percentages, most often below 5%.

¹³ A. Tuncer, "How Did Creditors Enforce Sovereign Debt Contracts?", *International Financial Control during the Classical Gold Standard Era*, LSE Economic History Thesis Workshop, London, 2011, pp. 8-10.

¹⁴ A. Antoniou, « Les dépenses publiques en Grèce 1833-1939 », PhD thesis, Université Paris-1 Panthéon-Sorbonne, Paris, 2004, pp. 242-251.

¹⁵ *Official Journal of the Kingdom of Greece* issue A'122, 11.2.1904.

Table 4. Allocation of Public Expenditure¹⁶

Year	Military	Education	Debt	Others
1881	62%	2%	16%	21%
1882	31%	3%	31%	34%
1883	30%	4%	30%	36%
1884	35%	3%	27%	34%
1885	46%	2%	25%	27%
1886	46%	2%	27%	25%
1887	25%	2%	43%	29%
1888	29%	3%	33%	34%
1889	16%	2%	58%	24%
1890	23%	2%	38%	37%
1891	25%	2%	34%	39%
1892	21%	4%	36%	39%
1893	25%	7%	27%	41%
1894	30%	8%	26%	36%
1895	30%	9%	25%	36%
1896	33%	5%	26%	36%
1897	58%	3%	15%	24%
1898	45%	1%	43%	10%
1899	35%	5%	28%	32%
1900	30%	4%	31%	35%
1901	29%	5%	32%	34%
1902	28%	5%	28%	39%
1903	30%	5%	31%	34%
1904	31%	5%	32%	32%
1905	32%	5%	30%	33%
1906	33%	6%	28%	33%
1907	34%	4%	28%	34%
1908	37%	4%	27%	31%
1909	41%	5%	24%	31%
1910	42%	5%	25%	28%

¹⁶ Data processing from A. Antoniou, « Les dépenses publiques en Grèce 1833-1939 », Phd thesis., Université Paris-1 Panthéon-Sorbonne, Paris, 2004, pp. 131-140.

The public debt service payments never ceased, in spite of the bankruptcy and the 1897 war. In 1891 and 1892 the loans provision seemed to decline, leading to an intensification of the fiscal and economic crisis which led to the 1893 bankruptcy. The bankruptcy was accompanied with a reduction in debt revenue, which was decreased from 4% of total revenue in 1893 to 3% in 1894 and 0% in 1895, to rise only to 2% in 1896. In 1897 loan proceeds consist a 12% of total revenue, while in 1898 the war reparation to the Ottoman Empire and the IFC aided to its rise to a total 69% of public revenue. (Table 5)

Table 5. Allocation of Debt and Non Debt Revenue¹⁷

Year	Non Debt Revenue	Debt Revenue
1889	45%	54%
1890	65%	35%
1891	80%	19%
1892	89%	11%
1893	96%	4%
1894	97%	3%
1895	100%	0%
1896	98%	2%
1897	88%	12%
1898	31%	69%
1899	95%	5%
1900	91%	8%
1901	68%	32%
1902	83%	17%
1903	99%	1%
1904	87%	13%
1905	94%	6%
1906	95%	5%
1907	94%	6%
1908	97%	3%
1909	97%	3%
1910	76%	24%

Until 1909 the loan proceeds as a percentage of total revenue are kept in relatively low levels (below 8%), but not without exemptions, as in 1901 (32%), 1902 (17%) and 1903 (13%).

The loan revenue-payments balance remained negative throughout the period 1890-1909. Only in 1901 did the loan revenue surpass payments. Indeed, the actual difference is so great that can be considered an important factor for fiscal divergence. As can be seen in Table 6, the clear

¹⁷ Source: Data processing from the annual accounts of the period 1881-1910= List of published Accounting Data at the end of the article.

debt outflows during 1890-1911 are especially important, both as a percentage of revenue and as a percentage of the GDP. Given the agricultural economy with its high level of self-consumption, this continuous (lasting more than 20 years) monetary and exchange outflow has been a serious problem and a factor of deterioration of everyday life for the country inhabitants. Already in 1903, especially in its second semester, there has been an inadequacy of coins and banknotes.¹⁸

Table 6. Debt Outflows¹⁹

Year	Net Debt Outflows in Absolute Prices	As Revenue Percentage	As GDP Percentage
1890	-10693074,82	-13,44%	-2,31%
1891	-21429916,29	-25,04%	-4,23%
1892	-30762457,19	-32,49%	-5,80%
1893	-22204457,63	-23,89%	-4,03%
1894	-19042788,79	-19,10%	-3,83%
1895	-23222341,84	-24,53%	-4,47%
1896	-21968604,02	-23,06%	-3,98%
1897	-7903577,93	-9,15%	-1,54%
1898	-1154838,86	-1,12%	-0,20%
1899	-24129686,28	-21,98%	-4,45%
1900	-23425049,57	-21,56%	-4,00%
1901	16583924,94	14,45%	2,50%
1902	-11322445,72	-9,90%	-1,77%
1903	-35071554,04	-30,54%	-5,62%
1904	-19372780,06	-16,72%	-3,38%
1905	-28050492,4	-22,91%	-4,84%
1906	-26842098,38	-21,32%	-4,44%
1907	-26061850,4	-20,29%	-4,03%
1908	-33263065,86	-27,05%	-5,21%
1909	-28998791,52	-23,84%	-4,21%
1910	6524430,53	4,88%	0,99%
1911	13665159,37	9,25%	1,61%

18 I. Kokkinakis, *Currency and Politics in Greece 1830-1910*, Athens, Alexandria, 1999, p. 525, in Greek.

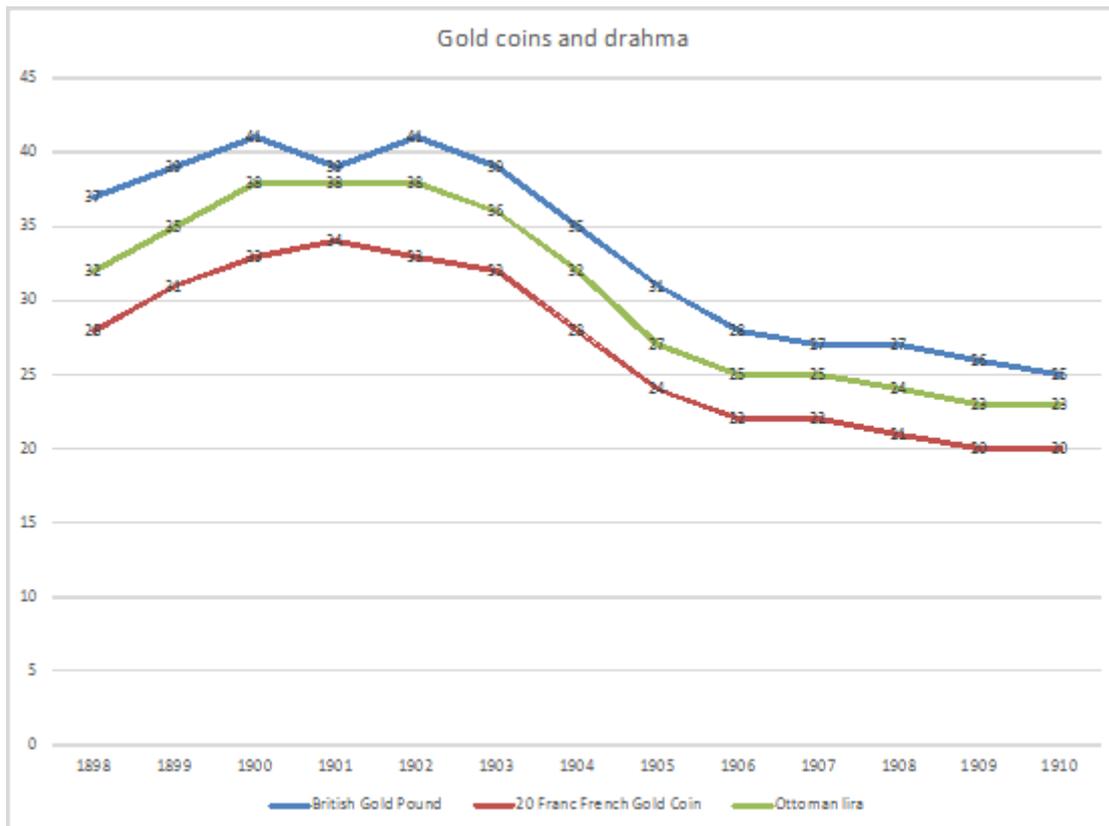
19 Net debt outflows are considered the annual differences in public debt collection and payments as they appear in yearly accounts. Processed data from:

A. Antoniou, « Les dépenses publiques en Grèce 1833-1939 », PhD thesis, Université Paris-1 Panthéon-Sorbonne, Paris, 2004.

G. Kostelenos, *Money and Output in Modern Greece 1858-1938*, Athens, 1995, KEPE, in Greek.

G. Mitrofanis, *Prices and historical ratios in Greece*, unpublished essay, in Greek.

Diagram 1.²⁰



The devaluation of golden currencies of other countries in relation to the drachma confirms the positive atmosphere created by the fiscal management of the committee. It is an important fact which facilitated debt servicing (Diagram 1).

The general picture of the trends of financial figures gives us the right to observe that after the enforcement of the IFC, any strengthening of the secondary production sector does not negate the indisputable dominance of primary production, public revenue remains deficient and are oriented towards an unpopular indirect taxation, while public expenses are suffocating under the double pressure of military expenses and public debt service costs. The IFC presence after 1898 increases the anti-developmental structure of public expenses. It led to a reduction in public works spending and to an augmentation in public debt payments. The imposed fiscal order and the general financial flourishing after 1896 boosted the GDP.

²⁰ Source: Data processing from the Greek newspaper *Empros* and the review *Oikonomika Chronika*.

Published annual accounts of the period 1881-1910

Ministry of Finance, *Annual account of the year 1881*, Athens 1897, in Greek.

Ministry of Finance, *Annual account of the year 1882*, Athens 1898, in Greek.

Ministry of Finance, *Annual account of the year 1883*, Athens 1885, in Greek.

Ministry of Finance, *Annual account of the year 1884*, Athens 1886, in Greek.

Ministry of Finance, *Annual account of the year 1885*, Athens 1887, in Greek.

Ministry of Finance, *Annual account of the year 1886*, Athens 1888, in Greek.

Ministry of Finance, *Annual account of the year 1887*, Athens 1889, in Greek.

Ministry of Finance, *Annual account of the year 1888*, Athens 1891, in Greek.

Ministry of Finance, *Annual account of the year 1889*, Athens 1891, in Greek.

Ministry of Finance, *Annual account of the year 1890*, Athens 1892, in Greek.

Ministry of Finance, *Annual account of the year 1891*, Athens 1894, in Greek.

Ministry of Finance, *Annual account of the year 1892*, Athens 1895, in Greek.

Ministry of Finance, *Annual account of the year 1893*, Athens 1896, in Greek.

Ministry of Finance, *Annual account of the year 1894*, Athens 1897, in Greek.

Ministry of Finance, *Annual account of the year 1895*, Athens 1897, in Greek.

Ministry of Finance, *Annual account of the year 1896*, Athens 1899, in Greek.

Ministry of Finance, *Annual account of the year 1897*, Athens 1900, in Greek.

Ministry of Finance, *Annual account of the year 1898*, Athens 1900, in Greek.

Ministry of Finance, *Annual account of the year 1899*, Athens 1902, in Greek.

Ministry of Finance, *Annual account of the year 1900*, Athens 1903, in Greek.

Ministry of Finance, *Annual account of the year 1901*, Athens 1904, in Greek.

Ministry of Finance, *Annual account of the year 1902*, Athens 1908, in Greek.

Ministry of Finance, *Annual account of the year 1903*, Athens 1912, in Greek.

Ministry of Finance, *Annual account of the year 1904*, Athens 1912, in Greek.

Ministry of Finance, *Annual account of the year 1905*, Athens 1913, in Greek.

Ministry of Finance, *Annual account of the year 1906*, Athens 1914, in Greek.

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“GREEN INTERNATIONAL” POLITICS IN INTERWAR EASTERN EUROPE
A STILLBORN ATTEMPT?

Introduction

The International Agrarian Bureau (*Mezinárodní agrární bureau*) was founded in 1921 in Prague, by the Agrarian parties of Bulgaria, Czechoslovakia, the Kingdom of Yugoslavia and Poland, growing to 17 political parties in Eastern Europe by 1929.¹ It was sometimes referred to as the first “Green International”. Its objective was to coordinate the efforts of the European peasant parties whose political programs included parliamentary democracy and the defense of peasant interests. Another objective was to provide moral reinforcement to peasants everywhere by contact between the stronger and the weaker peasant political movements, thus creating a feeling of international solidarity. Solidarity and unity would give added force and prestige to local peasant political movements.² Some of the most fundamental principles of the agrarian movement were: the necessity of preserving the institution of private property, the pursuit of low tariffs, the valorization of cooperative organization of agricultural enterprises, the need for social insurance, the need for technical education and the necessity for thorough agrarian reforms.³

One of the leaders of the union of rural countries was the Agrarian Prime Minister of Bulgaria, Alexander Stamboliiski (1919-1923), who “is believed to be propounding a scheme for an *entente* between the peasant organizations of all the countries of Central and Eastern Europe, with the object of defending the rights of small agricultural proprietors against Bolshevism, on

¹ Between 1921 and May 1929 the following peasant parties adhered to the International Agrarian Bureau: The Estonian Farmer’s Party, the Peasant Agrarian Union of Finland, the Platterlandersbond of the Netherlands, the Peasant Party of the Canton of Argovie (Switzerland), the Rumanian National Peasant Party, the Bund der Landwirte (Sudeten German), the Serbian Agrarian Union, the Smallholders Party (Hungary), the Lithuanian Popular Peasants’ Union, the Lettish Peasant Party, the Croatian Peasant Party, the Peasant Party of the Canton of Bern (Switzerland), the Austrian Landbund fur Osterreich and the Slovenian Small Peasant’s Party. See also, George Jackson, *Comintern and Peasant in East Europe (1919-1930)*, New York, Columbia University Press, 1966, p. 148.

² *Ibid*, p. 147.

³ *Ibid*.

the one hand, and reactionary tendencies on the other -in short a Green International opposed to the extremes of both Whites and Reds”.⁴ Stamboliiski especially believed that by uniting the peasants of Eastern European countries, in which they formed a majority, they could put an end to international rivalry. His vision was a society in which no peasant owned too much and no one too little land. Individual proprietors were to help each other through the cooperative system which was to provide credit, to store harvested crops and to commercialize agricultural products.⁵ The cooperative idea was a fundamental aspect of Agrarian ideology and was meant not only to provide material benefit but also to lead to the evolution of civic political morality and international organization.⁶ The agrarian vision was a society in which all producers would voluntarily join cooperatives and in which the former would become so influential that they would provide the basis for local government and administration.⁷ Cooperation was not only to provide a new form of local organization but to even lead to the merging of nation-states into a free association of peasant communities, a Peasant or Green International.⁸

Generally, the peasant leaders [like Antonín Švehla (Czech 1873-1933), Wincenty Witos (Polish, 1874–1945), Aleksandar Stamboliiski (Bulgarian) and Milan Hodža (Slovak 1878–1940)] advocated reduction of armaments and promotion of policies designed to further international peace and understanding. According to the International Agrarian Bureau, the Eastern European peasant political movement could best be strengthened by the establishment of a real international organization which would advance the “peasant democracy” point of view and would try to create a union of peasant political parties. A united agrarian movement would form the basis for an agrarian federation in Eastern Europe and all the Balkan states, against absolutism, reactionary social policies and blind nationalism.⁹ Agrarianism put forward a sort of international rural strategy, based on pacifism, active support of the League of Nations and resorting to arbitration in the case of international controversies.¹⁰ At the same time, “it

⁴ *The Times*, “Bulgarian Premier’s Novel Idea. A Peasant International”, 30.12.1920, p. 9.

⁵ R. Crampton, *A Short History of Modern Bulgaria*, Cambridge, Cambridge University Press, 1989 [1987], p. 87.

⁶ *Ibid.*, pp. 87-88.

⁷ *Ibid.*, p. 87.

⁸ *Ibid.*

See also: F. Houillier, *L’Organisation Internationale de l’Agriculture. Les Institutions Agricoles Internationales et l’Action Internationale en Agriculture*, Paris, 1935, pp.261-4.

⁹ J. Bell, *The Agrarian Movement in Bulgaria, 1899-1919*, U.S.A., University Microfilms International, 1970, p. 194 and passim.

¹⁰ S. Bianchini, *Eastern Europe and the Challenges of Modernity, 1800-2000*, London & New York, 2015, Routledge, p. 86.

attempted to promote mutual professional interests, but in this it had little success because of a lack of organizational ability and the fierce competition between the national economies”.¹¹

During the 1920s, the Bureau held annual congresses until engulfed by the Great Depression and the political storms to which it gave rise. A more active international effort was the block of Eastern European states during the thirties. Several conferences were held during the summer of 1930, with peasant delegates from Estonia, Latvia, Poland, Czechoslovakia, Hungary, Yugoslavia, Bulgaria and Rumania, with the purpose of coordinating the economic policy of their countries so as to obtain better trading conditions from the Western European industrial states, but as the crisis sharpened and spread the bloc proved too weak to fulfill its aims.¹²

Generally one could say that the goal of international peasant movement during the interwar years, was to elaborate and institutionalize a more “ethical modernity”, a third road between capitalism and communism, above the level of national politics.¹³ However it failed to realize the potential that its leaders saw in it. It never worked out a common program; the individual member parties had differing objectives, goals and fears: the Poles were more anti-Russian than the others, whilst the Czechs saw it as a vehicle for pan-Slavism. The Romanians feared its predominantly Slav complexion and the Croat Peasant Party, one of the most powerful in the region, did not join at the very beginning because it did not advocate independence for Croatia.¹⁴

The aim of this article is to shed light on the underlying structural particularities which impeded the economic collaboration of the Peasant States in Eastern Europe. More emphasis will be put on the European economic conditions, as they took shape after World War I. The political upheavals caused by the war and other circumstances will be less scrutinized, even though they obstructed the international advances of the Eastern European Agrarians toward economic collaboration and political alliance.

¹¹ *Ibid*, pp. 86-7.

¹² D. Mitrany, *Marx against the Peasant. A Study in Social Dogmatism*, New York, Collier Books, 1961, pp. 131-156.

¹³ A. Toshkov, *Rescuing Alternative Modernity: The Golden Age of the European Peasantry*, Columbia University, 2014, pp. 1-6.

¹⁴ R. Crampton, *The Peace Conferences of 1919-23 and their aftermath. Aleksandur Stamboliiski. Bulgaria*, London, Haus Publishing Ltd, 2009, pp. 93-4.

Between November 1927 and February 1928 the Croatian Peasant Party and the Rumanian National Peasant Party adhered to the newly organized International Agrarian Bureau.

The obstacles to an international agrarian coalition

In order to function and act efficiently, an international union of Agrarian parties, (otherwise known also as “Green International” or a Union of Peasant States) had to rely in a series of economic variables. These economic and social preconditions did not exist in interwar Eastern Europe. Thus, a successful union of peasant parties or peasant states was impossible. The objective was to pursue benefits for the East European farmer by protecting him from the peaks and troughs of the international market and the destabilizing pressures, both political and economic, of the interwar period. Agrarian cooperatives had a similar aim during the same period and even previously. These cooperatives attempted to protect, rather unsuccessfully, the small farm holders from the fluctuations of the international markets; they also tried to preserve the social cohesion of the rural areas.¹⁵

The main obstacle to a politically and economically advanced agrarian cooperation was the inability of the Eastern European rural countries to accumulate the necessary capital for such an undertaking. Without this accumulation of capital it was impossible to modernize agriculture and to increase agricultural productivity and production. This as a result would mean an increase in income and standard of living for the farmer. In brief, if agricultural production failed to amass capital, any international cooperation of agrarian parties or countries of Eastern Europe would not be feasible. This entailed a halt to the effort of modernizing their societies and improving the standard of living for millions of workers. The structural and circumstantial factors impeding the modernization of agrarian societies will be analyzed below.

It is well known that the agrarian economy of Eastern Europe suffered a most devastating setback because of WWI. Production plummeted and was slow in recovering.¹⁶ For instance in Austria agricultural production was down to approximately 50 per cent of the prewar level; in 1920 it did not exceed 50 per cent of the prewar output.¹⁷ Hungary presented a similar image. Shortage of labor, the military requisitioning of horses and the reduction of livestock caused a serious setback in agriculture, the outstanding economic sector. From 71 million quintals in 1913 production of grain fell to 42 million quintals by 1918, while output of maize declined

¹⁵ For further reading: C. Bregianni, “Agricultural co-operatives: A methodological approach”, in H. Gardicas-Katsiadakis, C. Bregianni (eds.), *Agricultural Co-operatives in South and Central Europe. 19th – 20th Century. A Comparative Approach*, Athens, Academy of Athens, 2013, pp.13-23 and passim.

For a Balkan case study see: E. R. Weissman, *The Cooperative Movement in the Bulgarian Village prior to World War One*, Michigan, University Microfilms International, 1982.

¹⁶ I. Berend, G. Ranki, *Economic Development in East-Central Europe in the 19th & 20th Centuries*, N.Y. & London, Columbia University Press, 1974, pp.171-200.

¹⁷ *Ibid*, p.174.

from 48 million quintals to 24 million.¹⁸ Generally Hungarian agricultural production was around one-third of the prewar volume in 1919 and 50 to 60 per cent in 1920. Hungarian agrarian exports in 1920 amounted to only 21 per cent of the prewar value (calculated on the basis of the new territory) and to 41 per cent in 1921.¹⁹ In Poland the damage to agriculture was such that by the end of the war 4.5 million hectares of arable land lay fallow and about 2.4 million hectares of forests were ravaged; 2 million head of cattle, 1 million of horses and 1.5 million of sheep had been destroyed.²⁰ Similarly, in Yugoslavia, a one-sided agrarian country, war conditions caused the loss of about 500.000 horses, 1.7 million head of cattle, over 2.4 million pigs, 6.3 million sheep and 1.2 million goats. This immense damage represented the loss of close to or more than half of the country's stock in pigs, sheep and goats, over one-third of its horses and more than one quarter of its cattle.²¹ In Bulgaria, agricultural production, the most important factor of decline, by 1918 was 57 per cent of the level before the Balkan war. In Rumania, a grain exporter country, during the prewar years 2.5 to 2.9 million tons of grain were exported; in 1919 only 0.9-1.7 million tons.²² On the whole this situation prevailed in the other agrarian countries of the Danube valley.

Because of the great catastrophe that shattered Eastern European agriculture during the war, supplying the Western European markets with grain, agricultural raw materials and other agricultural products came to a stop. Therefore the Western European markets were taken over by the U.S.A. and other transatlantic countries which stepped in to cover the demand.²³ As a result, the division of labor came to a halt: this used to involve agricultural products from the East for industrial products from the west. Eastern European countries either lost or curtailed their exports which resulted in the inability to create revenues and accumulate capital from international trades. Hungarian wheat, for instance, could compete with American in Vienna but it was undersold in Munich. It was cheaper to transport grain raised on the highly capitalized farms of America by sea from New York or Buenos Aires to Hamburg and Trieste than to bring the products of the less capitalized estates to Hungary, not to mention the inefficient holdings of the Balkans.²⁴

¹⁸ *Ibid*, p.175.

¹⁹ *Ibid*, p. 178.

²⁰ *Ibid*, p. 176.

²¹ *Ibid*, pp. 176-7.

²² *Ibid*, p. 177.

²³ L. G. Michael, *Agricultural Survey of Europe. The Danube Basin. Rumania, Bulgaria and Yugoslavia*. Vol. II, U.S.A. Washington, Department of Agriculture, 1929, pp. 1-6.

²⁴ H. Seton-Watson, *Eastern Europe between the Wars 1918-1941*, Connecticut, Archon Books, 1962 [1945], pp. 80-4.

Another factor that impeded the capital accumulation through agricultural production was also the agrarian reforms that happened in many Eastern European countries after the end of WWI.²⁵ The distribution of land, so urgent from social viewpoint, was accompanied by a decline and stagnation of agricultural production for the time being.²⁶ Nevertheless, as there is no doubt that, during the first years, production and productivity were disturbed by the application of the reform, one is first of all faced with the insoluble difficulty of how to disentangle the effects of the reform from the effects of the war.²⁷

Indeed, despite the radical agrarian reform in almost every country of Eastern Europe, reform was implemented only partially in some countries without upturning the model of private holdings. Hungary belongs in this category where until the end of the interwar period a great parcel of farmland, over 30%, was still in the hands of land owners.²⁸ To a lesser extent, large land holdings were still in existence in Poland and still fewer in Czechoslovakia. The presence of powerful landowners in the above mentioned countries was without a doubt a barrier to the efforts of farmers for international cooperation in Eastern Europe.

Moreover, the Great Depression that took place during the 1930s, steadily deteriorate the economic situation in Eastern European countries. The Depression caused a tremendous fall in the price of agricultural products, and was particularly disastrous in the Balkan states because of their inability to compete with the great overseas producers.²⁹ As industrial commodities fell neither immediately nor drastically, the resulting price scissors hurt the peasant as agricultural producer and Eastern European countries as agricultural exporters. The steep fall in the price of agrarian products became disastrous in a few years. In 1932-33 the prices of most grains were between one-third and one-half of the 1929 prices. (Table 1 & 2). As a result of the prices collapse, agricultural income decreased in the years of crisis by 57.6 per cent in Rumania, 51.8 per cent in Bulgaria, 58.8 per cent in Poland, 35.8 per cent in Hungary.³⁰ The fall of prices and diminished profits plunged agriculture into a serious predicament.

²⁵ For the land distribution statistics of the area see: *Ibid*, pp.121-2 and S. D. Zagoroff, "General Survey of the Agricultural Economy of the Danubian States", 1935-1945, S.D. Zagoroff, J. Vegh, A. Bilimovich (eds.), *The Agricultural Economy of the Danubian Countries, 1935-45*, Stanford, California, Stanford University Press, 1955, pp. 29-63.

²⁶ I. Berend, G. Ranki, *Economic Development, op. cit.*, p. 238.

²⁷ D. Mitrany, *The Land and the Peasant in Rumania. The War and the Agrarian Reform (1917-21)*, London, Oxford University Press, 1930, pp. 306-7 and passim.

²⁸ H. Seton-Watson, *Eastern Europe, op. cit.*, p. 171.

²⁹ H. Roberts, *Rumania. Political Problems of an Agrarian State*, U.S.A., Yale University Press, 1951, pp.176-9.

³⁰ I. Berend and G. Ranki, *Economic Development, op. cit.*, p. 245.

Table 1. Price Index of Grains, East Central Europe, 1930-33 (1929=100)³¹

	<u>Hungary</u>			<u>Rumania</u>			<u>Bulgaria</u>		<u>Yugoslavia</u>	
	Wheat	Rye	Corn	Wheat	Rye	Corn	Wheat	Corn	Wheat	Corn
1930	87	63	59	63	50	46	47	51	55	31
1931	72	87	63	39	52	34	45	46	57	29
1932	77	85	59	54	53	30	34	37	67	29
1933	62	50	32	63	33	26	34	25	44	26

Table 2. Agricultural Prices/ Industrial Prices in Rumania³²

	Wholesale agricultural prices	Industrial prices	Prices of Industrial products required by agriculture
1929	100	100	100
1930	68.2	92.9	98
1931	50.8	72	86.6
1932	47.7	62.2	80.9
1933	44.9	62.2	81.1
1934	44.1	63.4	82.6
1935	48.4	75.2	90.2

Another structural reason that obstructed the modernization of agricultural societies was the international economic scene after the end of WWI. A new type of economic policy was implemented in all Eastern European countries. The introduction of new customs tariffs became the most important means of directing postwar economic policy. Between 1919 and 1923/4 and in some countries even longer, prohibitions of imports and exports formed the principal means of control in foreign trade and economic policy. In a few countries such prohibitive measures were maintained or put into force almost directly after the war. Isolation and entrenchment in the countries of East-Central Europe in defense of their own economies naturally meant protection against all foreign trading partners. In reality however, this protection was against the neighboring countries and less so against those more remote. Thus, self-protection pushed

See also: Information Department of the Royal Institute of International Affairs, *The Balkan States. A Review of the Economic Development of Albania, Bulgaria, Greece, Rumania and Yugoslavia since 1919*, London, Oxford University Press, 1939, pp. 62-8.

³¹ I. Berend, G. Ranki, *Economic Development*, *op. cit.*, p. 244.

³² H. Roberts, *Rumania. Political Problems*, *op. cit.* p. 177.

the countries of East-Central Europe much further away from one another. It is characteristic that the foreign trade of Yugoslavia with the neighboring Balkan countries remained insignificant throughout the decade following the war.³³

For instance in Austria numerous articles were put on the valid list of prohibited imports. In Czechoslovakia efforts at agrarian isolation were strengthened, culminating in a considerable increase in the duty on corn, wheat, livestock and meat in 1930. The tariff on wheat was raised to 75-80 per cent of the value.³⁴ Simultaneously Czechoslovakia imported more than half of its wheat requirements from overseas and not from the neighboring agrarian countries by the late 1920s³⁵ - a revealing fact about the reciprocity of these processes. Similarly the agrarian countries of the Danubian Valley sought to establish increasingly radical protection against industrial imports from Austria and Czechoslovakia. Isolation and entrenchment in the countries of East-Central Europe in defense of their economies naturally meant protection against all foreign trading partners. However, this protection was most determined and strict against the neighboring countries and less so against the more remote. Thus, self-protection invoked in the name of self-sufficiency inevitably pushed the countries of East-Central Europe much further away from one another.³⁶

The situation was further aggravated by the inauguration of an agrarian protectionist policy by the European industrial states. After 1928 Germany introduced high agricultural tariffs; Italian grain and flour duties reached prohibitive levels between 1929 and 1931 during the Great Depression; France and Greece imposed important tariffs on cereals too.³⁷ Governments around Europe took then various steps toward spending less money on foreign goods such as: imposing tariffs, import quotas, and exchange controls. These restrictions created a lot of tension between trade nations, causing a major deduction during the depression. Even though protection resulted in more expensive subsidies and final products, the need for domestic stability suggested the necessity of restricting imports.

In these conditions of total collapse of the international and inter-European trade, the agrarian economies of Eastern Europe were unable to generate the capital needed for modernization

³³ I. Berend, G. Ranki, *Economic Development, op. cit.*, pp. 207-8.

³⁴ *Ibid*, p. 207.

³⁵ *Ibid*, p. 209.

³⁶ *Ibid*, pp. 201-210.

³⁷ I. Berend, G. Ranki, *Economic Development, op. cit.*

For Greece cf. : M. Psalidopoulos, *Monetary Management and Economic Crisis. The Policy of the Bank of Greece, 1929-1941*, Athens, Bank of Greece, July 2011, pp.69-70, in Greek.

M. Mazower, *Greece and the Inter-War Economic Crisis*, Oxford, Clarendon Press, 1991, pp. 203-235.

through their agricultural production and exports. Additionally, export versatility was very limited in most of the countries of the region. Therefore, the ability to substitute other products for exportation in case of a price drop or to come up with alternative markets was very limited. This resulted in great dependence on large buyers and international markets. In crises like that of 1929 the consequences of price reductions were very negative.

At the same time, the internal markets were too weak to absorb the agricultural products which could not be exported. In addition the majority of Eastern and Southeastern European countries had a surplus agricultural population. In Yugoslavia the degree of overpopulation was amounting to 61.5 percent of the total agricultural population during '30s, 53.0 per cent in Bulgaria, 22.4 percent for Hungary, 51.3 percent for Poland and 51.4 percent for Rumania.³⁸ Undoubtedly, this was an impediment in any effort to modernize Eastern European lands.

So, could the difficulties stemming from the slow, inadequate domestic capital accumulation be overcome by the importation of foreign capital? In the postwar power system of European and world politics, after a few years of postwar economic chaos old and new big powers appeared as creditors and factors of European political and economic stabilization, in the economic reconstruction of the disordered countries of the Danube Valley. The starting point was to achieve financial stabilization.³⁹ In Eastern and Southeastern Europe the aid of loans from the League of Nations balanced the budgets and stabilized the currencies across the region.⁴⁰ Of special importance were the credits serving to stabilize the currency in Austria, Hungary, Greece and Estonia. Loans from the League of Nations played a role in Bulgaria, Romania and Yugoslavia.⁴¹ Stabilization with foreign cooperation became an important link in the chain of events which realized economic reconstructions in East-Central Europe. Reorganization of the budget and of financial affairs was intended not only to put an end to postwar chaos and inflation, involving both political and economic dangers, but also to create normal conditions for and to accelerate savings and investment.

³⁸ W. E. Moore, *Economic Demography of Eastern and Southern Europe*, League of Nations, Geneva, 1945, pp. 61-70.

See also: Office of Population Research, *Demographic Problems of Southeastern Europe*, Population Index, 7 (Apr. 1941), pp. 84-92.

³⁹ I. Berend, G. Ranki, *Economic Development*, op. cit., pp. 213-241.

⁴⁰ J. Flores, Y. Decorzant, *Public borrowing in harsh times: The League of Nations Loans revisited*, Working Paper Series, Genève, Université de Genève, September 2012, pp. 1-37.

⁴¹ I. Berend, G. Ranki, *Economic Development*, op. cit., pp. 213-220.

See also: J. A. Santaella, "Stabilization Programs and External Enforcement: Experience from the 1920s", Staff Papers - International Monetary Fund 40.3 (1993), pp. 584-621.

After the stabilization of currencies the East-Central European countries could obtain plenty of international credit, albeit at an exceedingly high interest- 7 per cent.⁴² In addition in most instances only a small part of these credits was spent on productive projects such as electrification, development of transport and agriculture. The greater part served to convert older debts, or to cover social investments and consumption – this analysis could not even calculate the funds swallowed up by corruption. As a Hungarian economic journal stated: “the terms of loans do not provide for the use of foreign capital in our economic life there can be no fundamental rehabilitation of agriculture (...). The loan granted by the League of Nations is only the first step which should be followed by a whole series of further credit transactions”.⁴³ The Western financial activities in Eastern European countries during interwar years, revealed no vivid interest in possible investments. The leading creditors and exporters of capital, especially U.S.A. and England, had no strong interest in an economic position in East-Central Europe.⁴⁴ So the motives of the credit operations were chiefly of a political nature and were intended to serve political objectives. Consequently, the structural problems and difficulties of Eastern European agriculture could not be overcome by the importation of foreign capital during the interwar period.

Another important factor which sabotaged the political cooperation of the agricultural countries of Eastern Europe was the increasing clearing trade and economic influence of Germany during the decade of the 1930s. The commercial system introduced turned the foreign trade of Nazi Germany toward Central and South-Eastern Europe for it seemed feasible to use these countries as main base of foreign raw materials for the development of the German war economy. Most of these countries were agrarian countries in economic straits, afflicted with the problem of how to market their agrarian products. There could be no doubt that they would welcome any proposal which would promote the sale of their products. The Danubian countries had accepted the principle of bilateral trade proclaimed by the Germans. When one considers that these countries being debtors, suffered most from the financial crisis along with Germany and that, being unable to cope with their foreign currency problems, they were the first to introduce a controlled foreign exchange policy, it is understandable that bilateral trade and barter seemed to promise considerable advantages. In conclusion, the objective of making Eastern European countries into a base of food and raw materials for the German war economy had practically

⁴² I. Berend, G. Ranki, *Economic Development, op. cit.*, p. 223.

⁴³ Cited : *ibid*, pp. 224-5.

⁴⁴ *Ibid*, pp. 201-241.

been achieved. By 1939 the Danube countries were fettered by economic ties to Germany. The commercial relations had systematically increased during the thirties and were rapidly reinforced at the end of decade leading to the preponderance of Germany in the foreign trade of the region.⁴⁵

Conclusions

Every point mentioned above sketched the inability of the agricultural lands of Eastern Europe to cooperate effectively at an international level, in order to better defend their interests. During the interwar period in Eastern Europe, but also in some Western European countries, agrarian political parties made a dynamic appearance.⁴⁶ In many countries these parties formed coalitions with other political parties in government or in the case of Bulgaria, they were voted in office on their own.

The political ascendance of Agrarianism led to the formation of the International Agrarian Bureau or of the “Green International”, as the international movement of Agrarians is alternatively known. The international union of Eastern European farmers aimed at bringing peace in Europe⁴⁷ and political/economic cooperation so that farmers would prosper. At a second level, as it was aptly proposed, it targeted “the radical reorganization of social structures and the implementation of a peasant alternative modernity”,⁴⁸ to be the third alternative way between capitalism and communism.

Despite the fact that in bibliography the agrarian parties were labeled traditionally as reactionary and opposing social progress, in fact the opposite appeared to be true as those parties were not impediments in the process of modernization.⁴⁹ Their dynamic emergence in the political scene of Eastern Europe showcased the aspiration of the agrarian populations to organize their production against the encroaching pressures of the international markets. It also demonstrated how much they resented having to shoulder the costs of modernization.

⁴⁵ *Ibid*, pp. 265-284

A. Basch, *The Danube Basin and the German Economic Sphere*, London, Butler & Tanner Ltd., 1944, pp. 165-200 and passim.

⁴⁶ G. Jackson, “Peasant Political Movements in Eastern Europe”, eds. H. Landsberger, *Rural Protest: Peasant movements and Social Change*, Edinburg, Macmillan, 1974, p. 272.

⁴⁷ L. S. Stavrianos, *The Balkans Since 1453*, New York, New York University Press, 1958 [2000], p. 610.

⁴⁸ A. Toshkov, *Rescuing Alternative Modernity*, *op. cit.*, p. 58.

⁴⁹ J. Bell, *The Agrarian Movement in Bulgaria*, *op. cit.*, pp. 231-236

M. Biondich, S. Radic, *The Croat Peasant Party and the Politics of Mass Mobilization, 1904-1928*, Toronto, University of Toronto Press, 2000, pp. 74-5 & 245-7.

However, the policy of Agrarians was never implemented comprehensively in any Eastern European country. Neither was the creation of a peasant alternative to modern society made possible. Indeed, none of the countries of the region possessed the gravitational force to pull the rest of the countries toward its policies. So, even in Bulgaria where the Agrarians held the power, they failed to bring about international restructuring despite their significant initiatives. In brief, a union of agrarian countries or agrarian political parties seemed to be necessary before an economic reorganization or improvements in the agricultural infrastructure took place.

This type of union, a “Green International” was rather a stillborn attempt for the interwar Eastern Europe. Summarizing the causes that held back the creation of a radical “Green International”, emphasis must be placed on difficulties to raise sufficient capital through agricultural production. This would have sustained the agrarian economy in the difficult period after World War I. The inability to find resources for restructuring the agricultural economy and to raise funds for such a project at an international level would condemn any international effort of an autonomous political intervention for the Agrarian parties. Parallel to this, the economic protectionism and the rise in tariffs influenced international trade negatively and created significant problems in the export side of agricultural products. The crisis of 1929 aggravated conditions of trade exchange between agricultural and industrial products. It also caused insurmountable problems for agricultural countries. Finally, the German economic inroads and vertical increase of clearing trade system between Germany and Eastern/ South Eastern Europe spelled the demise of any effort toward a viable alternative agrarian policy and economy for that region.

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