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Origins of American Stabilization Policy in Europe: The Financial Dimension, 1918–1924

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During World War I, the United States burst suddenly upon the world stage as an economic and financial superpower. In the history of modern industrial societies, war or diplomatic crisis has often served to focus public consciousness on a dramatic shift in the global balance of forces. Almost invariably, longer-term evolution in the international economy prepares the way for each diplomatic revolution. It is common for a declining power to adjust awkwardly to the portents of decline. It is equally common for an emerging hegemon to lack the outlook and political institutions that might help it to function effectively as a stabilizer of the international system. Periods of rapid change thus carry with them the seeds of instability – as the history of the 1990s will undoubtedly remind us in ways that we still cannot foresee.

The United States, the emerging hegemon of the 1920s, could not and did not return to prewar "isolation." Leaders in both government and finance made strenuous efforts to promote European economic reconstruction from the devastation of war. Yet inevitably, the shapers of economic strategy in Washington and Wall Street pursued this policy within the limits of national interest as they perceived it. Unlike their successors after World War II, they did not generally consider the health of the American economy and polity to depend in the first instance on European recovery. And given the relative self-sufficiency of the United States, there remained even after 1919 something to be said for a policy of limited involvement in parochial European concerns.

American prosperity before World War I had derived from exploitation of the domestic market – the largest free-trade area in the world. The United States had pulled ahead of Great Britain and even Germany before World War I in part through the application of advanced science and engineering knowledge to processes at the cutting edge of the indus-

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trial revolution – especially in the electrical, chemical, and motor-car industries. But the nation had also prospered by the application of innovative management techniques to capital-intensive, energy-consuming industries using continuous-batch technology (for example, primary metals, packaged foods, petroleum, transportation equipment, and machinery manufacture). In those sectors, giant integrated firms could achieve efficiency through mass production, mass distribution, and mass marketing precisely because of the size, homogeneity, and accessibility of the home market.[1] While some of the largest firms, particularly in the extractive industries, relied on raw materials from abroad, and others had begun to seek markets outside the country before 1914, they generally remained less focused on the international economy than comparable businesses in Great Britain or Germany.[2]

On the eve of war, the United States alone produced 35.8 percent of world manufactures – almost the equivalent of British, German, and French output combined.[3] The United States had drawn even with Germany and was closing fast on Great Britain in percentage share of world exports.[4] Yet because of the sheer size of the American economy, exports and imports together still amounted to scarcely 10 percent of Gross National Product, compared with a third or more for the country's principal European competitors. Moreover, American involvement in the European economy had diminished since the turn of the century. In the nineteenth century, the principal industrial countries had figured as each other's best customers. That pattern had slowly begun to change. Increasingly, American firms targeted Latin America and Asia as their principal future growth markets.[5] Although 60 percent of American exports still went to Europe in 1913, the United States already drew fully 52 percent of its imports from other continents.[6] Americans clung to a tradition as old as the Republic, as Washington had put it in his Farewell Address, of avoiding entanglement in "the toils of European ambition, rivalship, interest, humor or caprice." Because American economic ties to the old Continent remained relatively limited before 1914, policymakers had as yet little reason to reexamine conventional attitudes.

The outbreak of World War I posed two serious obstacles to continued U.S. trade with Europe and reinforced the secular tendency toward diversification of the country's foreign economic ties. The high-cost American merchant marine had the capacity to service less than 10 percent of the nation's ocean-going commerce, and the European belligerents who had traditionally carried American goods did not merely make war upon each other's shipping, but also restricted their own merchant fleets to transporting vital military supplies. American exporters had also heretofore relied on the London City for financial accommodation. The

disruption and subsequent regulation of British money markets left them without the customary means to finance foreign trade not relevant to the British war effort. After some false starts, the Wilson administration found a solution for both problems. Following a long debate over the propriety of public authorities entering the shipping business in competition with private enterprise, Congress agreed in September 1916 to create an Emergency Fleet Corporation with the mission of building tonnage for a five-year period; at the same time it set up a permanent U.S. Shipping Board to operate the fleet and regulate the industry.[7] Meanwhile, various branches of government took steps to alleviate the shortage of trade finance. The Federal Reserve Act of 1913 had for the first time allowed American banks to discount commercial acceptances and to establish branches overseas. To facilitate those developments, among other purposes, the Webb–Pomerene Act of 1918 exempted exporters from the strictures of the anti-trust laws. While the Europeans pursued their fratricidal war, the United States took advantage of their preoccupations to extend the "Open Door" in Latin America and to undermine the banking and trade dominance of all the belligerents in previously sheltered third markets.[8]

The several agencies involved in foreign trade expansion did not coordinate their efforts, and administration figures differed among themselves about how aggressively to challenge other powers. Edward N. Hurley, the outspoken and tough-minded nationalist who headed the Shipping Board, contemplated using the expanded merchant fleet after hostilities ended in Europe to corner strategic raw materials and to launch a scarcely veiled trade war against Great Britain. Secretary of Commerce William Redfield, a convinced free-trader, warned by contrast that "the law of grasp and gouge is not the law of business permanence." Commerce, as he high-mindedly defined it, represented "mutual exchange to mutual benefit and not a species of industrial war."[9] Yet whichever strategy of trade promotion the U.S. government ultimately embraced, it could draw on more sophisticated institutional supports than had obtained prior to 1914. The Wilson administration vastly expanded the research function of the Bureau of Foreign and Domestic Commerce and set in place a wider network of commercial attachés than had existed before the war.[10]

While Wilson appointees lavished more attention on both institutional supports and the substantive content of foreign economic policies than had previous administrations, the president's attitude toward the European conflict turned paradoxically almost entirely on politics. As is now well known, Wilson led the country into belligerency largely because of German violations of neutral rights, and in particular because of unconditional submarine warfare. Even those of his advisers, like Colonel Edward House and Secretary of State Robert Lansing, who took a broader view of the potential threat to American national security, gave little thought at first to the long-term financial consequences of American participation in the struggle overseas. They did not dwell on the responsibilities that would follow the nation's abrupt transformation into the world's leading creditor power. And the international bankers, foreign-trade lobbyists, and munition makers to whom economic determinists of the 1930s ascribed such awesome and malevolent powers exercised virtually no influence on the determination of European policy.[11]

When America declared war on Germany in April 1917, the Allies had virtually exhausted their ability to borrow on private U.S. financial markets. They had to petition for direct loans from the U.S. Treasury and for the broadest collaboration of official Washington in the procurement and organization of shipping, munitions, foodstuffs, and other logistic aid.[12] The British and French missions that came to Washington as petitioners declared their situation desperate. The administration could have taken advantage of the opportunity to secure far-reaching political concessions. Indeed, Secretary of the Treasury William McAdoo explicitly wished to do so. McAdoo prepared a draft note asking for British assurances about the size of their postwar navy, their intention to make preferential trade arrangements, and their territorial war aims. But neither Lansing nor House favored using loans as a political club. President Wilson, in a celebrated pronouncement, took their side against his own son-in-law, at least as a matter of tactics. "England and France have not the same views with regard to peace that we have by any means," the president wrote to House. "When the war is over, we can force them to our way of thinking, because by that time they will, among other things, be financially in our hands; but we cannot force them now, and any attempt to speak for them or to speak our common mind would bring on disagreements which would inevitably come to the surface in public and rob the whole thing of its effect."[13]

Over the course of the next two years, the Treasury lent over $10 billion to the European Allies – an amount that constituted fully 40 percent of the entire American national debt after the war. The Treasury raised the money by selling bonds publicly in small denominations. At the time, the Liberty and Victory bond drives stood as an unprecedented achievement. Nevertheless, they stored up trouble for the future.

Traditionally, only a narrow stratum of plutocrats had purchased government bonds. In 1917, therefore, Treasury officials had good reason to fear that they could not raise the stupendous sums required for the prosecution of hostilities against Germany through routine operations on the

money markets. They solved the problem through a patriotic appeal. Millions of simple Americans who never before in their lives had bought securities of any sort now pledged their savings through local banks or wage check-offs to help whip "Kaiser Bill."[14] These same people – voters and taxpayers innocent of high finance – would not understand why their bonds subsequently depreciated in the high-rate environment after the war or why the European Allies refused to repay in a straightforward manner the sums they had unambiguously pledged to repay.[15] For twenty years to come, the public and Congressional consensus that foreign governments should honor their just debts would constrict the ability of successive administrations to take a broad-minded approach to European affairs. While the battle raged, however, officials on both sides studiously avoided general discussion of American-European financial relations. The Treasury and the British and French negotiating missions focused all their attention on comparatively technical points: the availability of standard monthly purchasing allotments, the limitations on dollar expenditures for non-American supplies, the employment of Treasury funds to support foreign exchange, whether public monies could be used to repay the overdraft on Wall Street bank loans predating American belligerency, and whether the British would have to pledge as security the private investments of their citizens in the United States.[16] The political reckoning would come after the restoration of peace.

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Strange as it would later appear, the United States government developed no detailed economic war aims in 1917–18. Nor did officials in any agency elaborate concrete plans for Washington to take the lead in reconstructing Europe after the war. But failure to plan did not betoken an absence of policy. It served, rather, as a reaffirmation of widely-held, often reflexive American assumptions about the proper way to organize the international economy. An end to intrusive government controls, the restoration of free-market principles, and extension of the Open Door for trade everywhere represented the very embodiment of policy. Administration officials could anticipate various difficulties from the Allies as well as from the Germans in implementing such a liberal trading system.

From the start of the conflict, German civilian leaders from Bethmann Hollweg down, as well as their counterparts in the military and the great industrial associations, had worked out detailed schemes for perpetuating the economic dominance of the Reich over *Mitteleuropa* and, indeed, over the whole area from the Atlantic to the Caucasus. Admittedly, these schemes drew their impetus from political and racialist rather than purely economic assumptions. Hard-nosed businessmen pointed out frequently that autarky would not work. They noted also that the Reich had relatively little to gain from a customs union with the backward Habsburg realms. Still, the grandiose nature of German ambitions, insofar as they became known, frightened the Allies badly. Allied planners had a healthy respect for the superior efficiency of German business and labor before the war. They nursed the anxiety that, even if the Reich failed to prevail on the battlefield, their countries might fall behind afterward in the race for international markets on a level playing field. At the Paris Economic Conference held in June 1916, the British and French, with the tacit consent of the Italians and Russians, devised their own program for a war after the war. That program called for permanent discrimination against German trade and, at least in the French view, postulated the exclusionary pooling of raw materials among the victors. Although the British backed off from the Paris resolutions and pursued a more ambiguous policy after Lloyd George replaced Asquith in December 1916, French Commerce Minister Clémentel continued single-mindedly to press for the perpetuation of inter-Allied controls over shipping, food, and other key resources through the 1918 Armistice and beyond.[17] American officials reacted with consternation to Clémentel's vision. They would have none of it.

Secretary Lansing warned the president in June 1916, at a time when the United States remained neutral, that the Paris resolutions might at once prolong the war and disrupt American commerce. The secretary feared that trade discrimination could well leave the United States suspended between two warring blocs and without access to the markets of protected colonial empires.[18] Although Wilson declined to organize a combination of neutrals as Lansing had suggested, he spoke out repeatedly against postwar trade discrimination after the United States entered the conflict. In his reply to the pope's peace initiative in August 1917, Wilson registered his formal opposition to "the establishment of selfish and exclusive economic leagues;" indeed, only upon Colonel House's urging did he scale down his denunciation of such combinations to "inexpedient" rather than "childish."[19] And in his Fourteen Points address of January 1918, the president threw down the gauntlet to protectionists at home as well as abroad by calling for "the removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance."[20]

For Wilson, a global political order resting on democratic values and a commercial regime guaranteeing equality of opportunity formed part of a single integrated vision. The president saw no contradiction between

America's wartime political alliances and the economic underpinnings of his program for a better world. A cynic might observe that, at least in the short run, the Open Door best served the interests of the most technologically advanced powers. American commercial and financial interests thus stood in potential contradiction to the wartime political lineup. Equality of trade would favor both the United States and Germany more than it would help France and Great Britain, for, if the latter nations remained closer to the United States in political culture, they nonetheless followed a flatter path of economic growth.

Diplomacy, however, does not take place at this level of abstraction, especially during wartime. Neither Wilson nor his chief advisers worked out a program of specific economic aims (aside from temporary measures designed to win the war) that would give tangible form to the generalizations articulated by the president in his public addresses.[21] The "Inquiry," which House organized under the leadership of his brother-in-law Sidney Mezes in the fall of 1917 to study postwar problems, scarcely considered questions of economic policy.[22] House and Mezes had a vague preliminary discussion with Professor Frank Taussig, chairman of the Tariff Commission, and Taussig subsequently sent Wilson a memorandum arguing that the United States should avoid economic alliances, oppose trade preferences especially in the British Dominions, and adopt a flexible tariff system that compelled all trade partners to accord the U.S. most-favored-nation treatment.[23] Wilson seemed to agree, although he ordered no bureaucratic amplification of the position. In the course of 1918, the president repeatedly told the French, who to his exasperation affected not to understand, that he would neither pool raw materials, share general war costs, nor countenance any economic war after the war.[24] But he elaborated no positive alternative, except for a return to international laissez-faire. In fact, until he arrived in Paris in January 1919 the president did not expect the peace conference to deal with economic questions at all. The delegates, he believed, should confine themselves to determining the political, geographic, and ethnic settlement. "Distinct economic problems," he insisted, "if worked out by international conferences at all, will necessarily be worked out by special bodies to whom the peace conference will delegate their consideration."[25]

Colonel House, who had a better sense of practical diplomacy than his chief, sought to bring over Assistant Secretary Russell C. Leffingwell, the intellectual eminence of the Treasury Department, to coordinate the American financial and economic position in Paris. But Carter Glass, who had just succeeded McAdoo as secretary of the treasury, decided that he could not spare Leffingwell. The American economic group, as it finally took shape over several weeks in response to perceived need, included a number of able people, among them Vance McCormick of the War Trade Board, Bernard Baruch of the War Industries Board, Assistant Secretary Norman Davis and the Morgan financier Thomas W. Lamont as representatives of the Treasury, and, around the penumbra, Herbert Hoover as head of the American Relief Administration.[26] Yet the group lacked central direction or leadership. It engaged the interest of the president only sporadically. And it necessarily responded to particular issues as they arose in an ad hoc manner.[27]

A first and characteristic dispute arose in October 1918 over the advisability of continued American participation in the Allied Maritime Transport Council and other inter-Allied boards that supervised food, raw materials, and energy distribution. Hoover wanted to close down the inter-Allied agencies forthwith and to pursue a unilateral American policy; after some indecision, Wilson followed the counsels of McCormick and Baruch to maintain cooperation with the Allies until the peace conference concluded its work. But Hoover returned to the charge in early 1919. He accused the Europeans of using the blockade apparatus to stymie American agriculture and to force down the price of surplus pork products. The British particularly irritated him by cynically declining to make food and shipping available to the former enemy powers without a guarantee that the corresponding payment would enjoy priority over reparations that would largely benefit France. After much acrimony, the parties stumbled into a messy interim compromise. The blockade of Germany continued although with appreciable modification; the War Finance Corporation advanced export credits that sustained Allied demand for Midwestern pork at the expense of the American taxpayer; and Hoover won a relatively free hand to conduct relief operations in Central and Eastern Europe with the twin objectives of fighting Bolshevism and bolstering American farm prices.[28]

The president, meanwhile, focused his attention throughout the conference on one main objective: to create a viable League of Nations and thus to establish an international "concert of right" in place of the balance of power. To achieve this objective – however illusory it would later prove to be – Wilson had perforce to compromise on a variety of economic as well as territorial issues. Georges-Henri Soutou rightly observes that, in shaping the economic clauses of the treaty, Wilson met Allied desiderata for the harsh treatment of Germany more fully than one might have anticipated given his reputation as an ideologue. After initially demanding a fixed sum for reparations that fell definitely within German capacity to pay, American negotiators agreed to leave to a politicized Reparation Commission the task of determining German obliga-

tions. They conceded also that these obligations would include pensions as well as material damages. In practice, including pensions changed only the distribution and not the amount of the indemnity, since the Germans could scarcely be required to pay more than they had the capacity to transfer. Nevertheless, as politically sensitive observers realized, increasing the nominal bill could not fail to produce bitterness in the Reich and to hold up acceptance of a practical settlement. Finally, the Americans agreed, against their better judgment, to incorporate in the treaty a number of discriminatory economic clauses, among them the provision that Germany grant most-favored-nation treatment to the Allies without reciprocity for five years.[29]

U.S. negotiators drew the line, however, at Allied attempts to secure war-debt cancellation and to transfer the cost of paying reparation to the American investor and taxpayer. In the early part of the conference, the fatuous French finance minister, Louis-Lucien Klotz, floated a scheme for pooling all war costs, thinly veiled as a "Financial League of Nations." Then, toward the end of the proceedings, the highly nationalistic British Treasury operative, John Maynard Keynes, drew up an equally ingenuous plan to funnel American taxpayer resources to Europe by means of a "guarantee" of German reparation payments to the Allies. The U.S. Treasury stood firm against all such contrivances. The president and Secretary Glass reiterated that they had no authority to discuss foreign loans in Paris. Assistant Secretary Leffingwell dismissed the Keynes plan as "preposterous." Great Britain would undoubtedly stand a better chance of regaining its prewar position as the central intermediary in world banking, shipping, and insurance if it could throw the major burden of underwriting European reconstruction upon the United States. But what reason did Washington have for facilitating such a maneuver?

American officials on the scene plainly understood that in order to overcome bottlenecks the war-ravaged Continent required credits for raw materials, transport equipment, and agricultural machinery. They could see with their own eyes that factories and houses had to be rebuilt in the French and Belgian war zones, that defeated Germany desperately needed working capital, and that the Habsburg Successor States could scarcely hope to master hyperinflation without help in establishing sound currencies.[30] But the political preparation that allowed the Truman administration to contemplate massive aid programs for Europe after World War II had not taken place in 1917–18. The public at home felt that it had already contributed enough. As Leffingwell put it, the American people believed that they had "performed heroic deeds and borne great sacrifices" to save Europe from "annihilation by the Hun." They would interpret any call for a taxpayer-financed reconstruction program as an overweening attempt by Europeans to take advantage of their generosity. The Treasury had secured permission to meet the Allies' most pressing needs during the Armistice period only by dint of an intensive lobbying effort. The Europeans failed utterly to grasp the public mood or to understand the partisan temper of the Republicans who had won control of Congress in the mid-term elections of November 1918.[31]

Over the next decade, both the Allied governments and European private financiers would nevertheless propose innumerable variants on the Klotz plan or the Keynes plan. The idea that the innumerate American taxpayer would consent to write a blank check for European reconstruction proved enormously seductive. Some schemes contemplated the cancellation of war debts "all around" – as if, for example, American claims on Britain and British claims on the defunct czarist government represented obligations of equal worth. Other schemes assumed that German reparations bonds could be "commercialized" in large quantities and sold to American investors. Proposals that varied enormously in sophistication and political intent revolved around one common principle. The United States should extend massive public or private credits to Germany so that, if that country defaulted on reparations, Americans would be left holding the bag. In drafting the president's rejection of the Keynes plan, Thomas Lamont voiced the objection that Washington and Wall Street would repeatedly make in succeeding years to pleas for American loans to rehabilitate German finance: "How can anyone expect America to turn over to Germany in any considerable measure new working capital to take the place of that which the European nations have determined to take from her?"[32] Putting it another way, Assistant Secretary Norman Davis explained to the president a few months later what Britain and France hoped to achieve: "While the Allies have never bluntly so stated, their policy seems to be to make Germany indemnify them for having started the war and to make us indemnify them for not having entered the war sooner."[33]

While unwilling to fall in with these machinations, both the American economic group at the peace conference and Treasury officials back in Washington sought to harness private capital and export interests to satisfy Europe's concrete requirements. The operative question, as Leffingwell expressed it, was not "whether America will help," but whether the Europeans possessed "adaptability enough and vigor enough to work out some business transactions and [to] interest American businessmen in their financial and economic restoration."[34] In mid-May, Lamont explored the ground with his British and French negotiating partners, Robert Brand and Jean Monnet. He disabused his colleagues of the fantasy that the president would seek an unencumbered $3 billion appropriation from Congress, but recommended that each European country draw up a list of its practical needs. Wall Street stood ready to found a series of industry-based export corporations to meet those needs; Lamont hoped that the War Finance Corporation would help by discounting exporter bills and that the Treasury would facilitate private credit by extending war-risk insurance. He asked with seeming innocence only that the British and French cooperate in stabilizing weak currencies and commit themselves to finance their own exports.[35]

When Lamont completed his consultations and filled in the details in June 1919, however, it quickly emerged that the proposition came with political strings attached. The sticking point was not money, but power. America offered funds for European reconstruction; in return it wanted new ground rules for world finance and trade. J. P. Morgan and his partner Harry Davison had already organized the twenty leading bankers of the country and contacted the key export industries (steel, copper, cotton, grain, and machinery). This group planned to found a giant trading corporation prepared to supply ample credit for three years. It suggested that each participating European country form a corresponding organism to block out national requirements and to provide a triple guarantee of repayment from importers, banks, and the respective governments. Morgan partner E. R. Stettinius would open an office in Paris to coordinate European demands and to channel them efficiently to New York. The proposed administrative structure thus served as a rough precursor of the post-World War II Marshall Plan.

In 1919, however, the Americans posed several significant conditions. They would stand, first of all, on Open Door principles. "We are not asking tariff favors, nor concessions, for ourselves," noted Lamont, "but if we find that we are going to be treated on a less-favored-nation basis and that the credits that we grant are going to be turned around and used against us, then of course we shall gracefully withdraw." Moreover, American credits would be made available only for the purchase of American goods; if the British, for example, needed liquidity beyond that, they would have to sell their overseas securities to United States citizens. Finally, and not least important, Wall Street sought a worldwide British-American financial condominium. Lamont attempted to sugarcoat the pill: "America has ample credit resources, Great Britain has wonderful credit machinery all over the world. Why not make a combination of the two?" Americans would like to acquire a half-interest in British banks throughout the Far East and Latin America. If the English-speaking peoples became partners instead of rivals, they could both make a lot more money. They might seize the opportunity also to "establish such a rapprochement that the world could never shake us out of peace and into war."[36]

Given the terms on offer, the British quickly lost their enthusiasm for comprehensive schemes designed to foster European economic reconstruction. Keynes sniffed dismissively that British banks "wanted to run their own business and didn't want any interference from outside." Spokesmen for the City observed that Britain ran a serious trade deficit; it could not extend significant credits to others before getting the costs of domestic production down. The financial press expressed the view that the Continental states exhibited such diverse needs that no all-embracing organization could solve their problems. The president of the Board of Trade and the chancellor of the exchequer remained studiously evasive. The French made clear that they would not stand for American dictation concerning their discriminatory tariff structure. By the end of August 1919, Harry Davison reported from New York that the "psychological moment" for action had passed. Widespread sentiment in favor of deflation had developed in the United States. Politicians outside the great financial centers proclaimed that hothoused demand for U.S. foodstuffs and manufactures overseas would inevitably defeat efforts to bring down the high cost of living at home.[37] The attempt to coordinate European reconstruction in a grand manner thus fizzled out ignominiously. Business and financial interests on both sides of the Atlantic were left to work out mutually advantageous arrangements on an individual basis.

Meanwhile, the United States also limited its participation in the formal structure of treaty enforcement. President Wilson had intended at first to maintain a high profile on the boards and commissions that would implement the economic provisions of the peace. But when the Senate rejected the Treaty of Versailles, the administration reversed field. It consented to leave only an unofficial observer on the interim Reparation Commission. Secretary Lansing counseled American diplomats to stick to normal diplomatic channels. "Our people," he explained sententiously, "are tired out with the bickering and petty quarrels."[38]

Of course, the form of American participation in the structure of treaty enforcement had little ultimate significance. What particular reservations the Senate might express to articles of the League Covenant remained similarly unimportant. In the long run, whether the American people saw permanent involvement in European affairs as vital to the national interest mattered more than specific institutional arrangements. Would the world's leading creditor power work constructively to restore stability by taking part in an ongoing process of diplomatic and economic problem-solving? The wisest and most sophisticated Americans who contemplated postwar problems understood this to be the central issue.

Governor Benjamin Strong of the New York Federal Reserve renewed his ties to European central bankers in the summer of 1919 and lobbied strenuously for creative American statesmanship to spur reconstruction along generous lines. Secretary of Commerce Redfield hailed the Morgan-Davison scheme and warned that Treasury foot-dragging might lead to a collapse of the export trade. The partners of the House of Morgan, who increasingly assumed the mantle of moral leadership on Wall Street, sought to nurture the affinities forged in wartime among financiers in the three main Allied countries and to expand the network of private bankers dedicated to cooperative endeavor worldwide.[39] Colonel House, though spurned as an adviser by Wilson, worked with the British and French ambassadors to find an accommodation that would allow the mild reservationists in the Senate to vote for ratification of the Versailles treaty.

President Wilson, however, forbade all talk of compromise. At a crucial juncture, a stroke impaired the president's judgment and reinforced his rigidity of character. The changes that Senator Henry Cabot Lodge and other mild reservationists insisted on would still have permitted the United States to play a constructive part in the League and European affairs generally. But Wilson preferred to see the treaty doomed and the Covenant rejected rather than accept the slightest alteration in his handiwork. Even before his stroke, Wilson got so caught up in the treaty fight that he had little time to contemplate the mundane problems of economic recovery. Afterward, the unedifying quarrel over treaty ratification created a wave of public revulsion against any sort of participation in European affairs. Wilson, in his disappointment and bitterness, curiously shared in that revulsion. If the American people would not meet their moral obligations through the League, he deemed no lesser efforts worthwhile.[40] Moreover, the president remained largely incapacitated; a nonentity took over the State Department in early 1920; and the key officials at the Treasury drifted away to the private sector. For almost eighteen months, the United States lacked a government capable of taking the initiative in international affairs. While bureaucrats continued to transact routine business, for all intents and purposes the United States had no comprehensive European stabilization policies until the Harding administration took office in the spring of 1921.

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In the absence of presidential leadership, foreign-trade interests fell back on variants of the June 1919 Morgan-Davison plan for privately sponsored export organizations. Just before Christmas 1919, Congress authorized two types of foreign-trade financing corporations under the so-called Edge Amendment to the Federal Reserve Act. The legislation authorized nationally chartered banks to combine in setting up foreign acceptance banks. Such organizations would grant short-term acceptance credits and thus free American exporters from exclusive dependence on British or Continental accommodation to finance foreign trade. Even more important, the Edge Act allowed Federal Reserve member banks to set up long-term investment corporations that could raise capital by selling debentures to the public. The sponsors hoped in the first instance that Edge Act corporations would tap the wartime savings of the American people in order to keep exports flowing until European customers had restored their purchasing power. Beyond that, they nurtured a larger ambition. In the days of high imperialism, European financiers had frequently structured loans so that borrowers had to purchase capital goods from the lending country. American competitors had lost out. Under the right circumstances, Edge corporations might turn the tables. They could promote infrastructure development overseas while imposing the proviso that credit recipients give preference to American suppliers. The National Foreign Trade Council and the American Bankers Association debated the prospects enthusiastically at their conventions in 1920 and 1921. Visions of sugarplums to come alleviated the habitual solemnity of those occasions.[41]

Hardly anything came of all the talk. In order to break the inflationary spiral, the Federal Reserve hiked interest rates at the end of 1919. The bond market collapsed. Within a few months the American economy slid into a depression – as severe in many respects as the downturn of 1929–31. The depression did not end until the summer of 1921.[42] In these circumstances, no one cared to tie up speculative capital. Neither existing banks nor potential purchasers of debentures showed the slightest willingness to shoulder the risks associated with Edge corporation investments. Paul Warburg of Kuhn, Loeb & Co., who had a particular interest in promoting trade with Germany and not coincidentally in restoring the fortunes of M. M. Warburg & Co., the family bank in Hamburg, achieved some success in financing the export of raw materials through his International Acceptance Bank.[43] Two other Edge banks also began to offer short-term trade accommodation on a modest scale. Even so, New York never created an acceptance market in the 1920s that could compete on equal terms with the London City. Meanwhile, the efforts of the National City Bank to extend its network of overseas branches in order to service American business encountered similar difficulties and, especially in Latin America, failed to supplant the British banks already in place.[44]

American producers of wheat, cotton, pork, tobacco, copper, oil, and

fertilizer scrambled to find one method or another that would permit them to unload their surpluses in Europe so long as domestic markets remained in the doldrums. More often than not, they had to bear part of the credit risk themselves. Holtfrerich points out that speculative purchases of mark-denominated securities and currency by American citizens amounted to $770 million in 1919–23. This sum almost covered direct American exports to Germany, which amounted to $951 million over the same period. (Additional goods undoubtedly passed through neutral ports before the signature of a separate peace between Washington and Berlin in July 1921.) In practice, American exporters or financial intermediaries left mark credits on deposit in Berlin banks, and then lost their entire equity when the Reich embarked on hyperinflation in 1922–23.[45] While Holtfrerich notes philosophically that countercyclical German demand for raw materials and foodstuffs helped pull the United States out of the 1920–21 depression, giving away their goods for free is scarcely what American exporters sought to achieve by commerce promotion schemes.

During the 1920s European critics frequently charged the United States with refusing to accept its implicit responsibilities as a creditor power to stabilize the global system of trade and exchange. Leading contemporary economic historians still echo this criticism.[46] The prevailing interpretation holds that, after the immediate postwar crisis had passed, the United States prevented European countries from reaching equilibrium in their international accounts by raising tariffs, running an outsized trade surplus, insisting on war-debt collection beyond the debtors' capacity to pay, and providing insufficient long-term funding to meet Europe's capital needs. Whatever validity the explanation may have for the persistence of the Great Depression in the 1930s, it does not fit the available statistical evidence for the first postwar decade.

The huge trade surpluses that America enjoyed in 1919–21 (averaging $2.981 billion annually) melted away rapidly thereafter. Led by the new consumer industries (automobiles, radio and telephone, synthetic textiles, and household appliances) now reaching the high point of their product cycles, the country registered enormous gains in productivity. But exports failed to keep pace with domestic prosperity. From 1921 to 1925, Gross National Product leaped ahead almost 9 percent annually. Exports, however, increased at the modest rate of 2.5 percent annually.[47] The trade surplus for the whole period of the Fordney-McCumber tariff regime, 1922 to 1930, averaged a mere $720 million per year. This small margin proved insufficient to cover the deficit on such invisibles as shipping and insurance, tourist travel abroad, and remittances home by immigrants (the latter almost entirely to Europe). After approximately breaking even in 1922, the United States ran a combined loss on commodity trade and current invisibles in every year but one from 1923 through the devaluation of the dollar in 1933. The combined loss under the Fordney-McCumber tariff regime (1922–30) averaged $216 million annually.[48] These results hardly reflect a prohibitive tariff policy on the part of the United States.[49]

The legislative history of tariff legislation serves further to correct the traditional picture. The Emergency Tariff Act of May 1921 was only a temporary measure targeted to fight the postwar farm depression. It imposed specific anti-dumping levies in order to block the import of agricultural commodities from countries with depreciated currencies, but it did not affect European manufactured goods. The Fordney-McCumber Tariff, which took effect in September 1922, raised rates appreciably above the 1913 Underwood Tariff on certain high-profile dutiable imports, yet left a significant "free" list. Hence average rates on all imports nudged up just a few percentage points over the old Underwood rates and remained comfortably below the levels that had prevailed from the time America became an industrial powerhouse up to 1913.[50] In any case, in the minds of the State Department and Tariff Commission officials who fashioned the underlying basis for the Fordney-McCumber legislation, the rates that Congressional logrollers imposed for particular products mattered less than general tariff philosophy. Progressives in both parties, from the Taft administration onward, had championed a flexible bargaining tariff formulated along scientific lines. The Fordney-McCumber Act translated their aspirations into law. The act paved the way for new trade treaties based on the unconditional most-favored-nation principle, in other words the generalization of negotiated trade preferences to all. The president now had a bargaining tool with which to fight British imperial-preference arrangements and the notorious French "two-column" system, which applied discriminatory maximum levies against nations that failed to provide special advantages for French exports on a bilateral basis.[51]

Germany, of all the industrialized nations, treated the new American tariff philosophy with the least disdain. The German-American trade treaty of December 1923 marked a major step toward reconciliation of the two erstwhile opponents. The U.S. Senate, despite theoretical adherence to the Open Door, in practice demanded a preference for American shipping, and this embarrassing intrusion of pressure-group politics stalled the treaty until Berlin conceded the point in February 1925.[52] Generally speaking, however, the United States and Germany found a common interest in seeking equality of trade opportunity during the middle 1920s, especially in Latin America and the rest of the developing world. On the other hand, Britain, France, and the minor European colonial powers sought to maintain discriminatory preferences wherever they could, and toward the end of the decade German businessmen also began to complain that owing to American manufacturing efficiency the Open Door worked against them.[53] It is true that the flexible provisions of the Fordney-McCumber Act failed to operate well in practice. The cost-of-production standard for rate adjustment did not allow the Tariff Commission sufficient latitude to recommend decreases. Still, if worldwide protectionism continued to impede the flow of trade in the 1920s, the fault did not lie one-sidedly with the United States.

Even Americans who embraced political isolation in the 1920s tended to believe that a peaceful and prosperous world lay in the national interest. Beyond that moral and sentimental concern, international bankers and exporters frequently argued that the United States had a more specific stake in the adjustment of European postwar disputes and the stabilization of currencies because the economic recovery expected to follow would expand the market for American products. The results did not fully justify those hopes from the standpoint of narrow self-interest.[54]

After the mid-decade reparation settlement and the growth in central-bank cooperation, some American industries (especially in the automotive and electrotechnical fields) succeeded in penetrating markets in Europe and even in establishing subsidiaries there. American firms in the electrical, automotive, chemical, and steel industries reached licensing agreements and exchanged equity interests especially with their German partners, although it remains doubtful whether cooperation between businessmen exerted as much influence on political relations as certain scholars have claimed.[55] However, Europeans increasingly resented the American business invasion and attempted to resist it by copying New World techniques of standardization and rationalization.

In two related areas, European recovery actually reduced the opportunities for American exports. The abrupt end to the war left the world with a colossal oversupply of merchant shipping capacity. Freight rates plummeted. The high-cost American merchant marine could not meet the competition after the withdrawal of government subsidies in 1920, and within a few years three-quarters of American goods again moved in foreign bottoms.[56] The precipitous fall in shipping rates also rendered it economical for Europeans to buy off-season grain from Australia and Argentina instead of storing U.S. grain year-round, with the attendant losses from rodents and weather. As Europeans became more prosperous, moreover, they ate more meat and less bread. Under these circumstances, American farmers who had borrowed at usurious wartime rates from undercapitalized local banks in order to expand wheat production on the thin topsoil of the Western Plains had no chance whatever of restoring profitability.[57] In the long run, they had to go out of business. Since the conclusion was politically unpalatable, the American farm lobby continued throughout the decade to embellish schemes for dumping surpluses overseas. But the hope of finding a solution to the American farm crisis in Europe figured from the outset as a mirage.

Americans, in short, had good reasons to promote European recovery and financial stabilization. But those reasons were as much political and ethical as narrowly economic. After a period of drift, the Republican administration that came to power in March 1921 gradually developed a program for prudent reengagement in Europe insofar as public sentiment permitted it. The chief strategists of Harding foreign policy sought first of all to encourage the Allies to fund their war debts on reasonable terms, while concomitantly they tried to sway Congress to a more charitable view of fairness. Despite failure to ratify the Versailles treaty, they maintained unofficial representation on the Reparation Commission. At crucial junctures, they cautiously offered the unofficial good offices of the United States in order to achieve an equitable reparations compromise. Such a settlement, as they saw it, would restrict payments to German capacity to pay and promote reintegration of the Reich into the global economy, while providing reconstruction funds within those limits to assist the victims of wartime aggression. Both Harding and his principal cabinet officers also emphasized naval and land disarmament as a pathway to peace; somewhat naïvely, they believed that a reparations settlement between Germany and France would facilitate radical disarmament across the whole European continent. Finally, they expected that such a settlement would pave the way for restoring sterling to par and ultimately stabilizing Continental currencies on some variant of the prewar gold standard, with the dollar serving as the principal reserve currency. Settlement of reparations and stabilization of currencies would in turn create sufficient confidence so that Americans would voluntarily recycle their capital surpluses to meet Europe's needs on a profitable business basis. While Wilsonian internationalists considered their successors pusillanimous in the face of public opinion, the program as such did not lack ambition.[58] Yet as Secretary of Commerce Herbert Hoover emphasized in early 1922, the United States could if necessary "reestablish its material prosperity and comfort without European trade." The administration had no reason to sacrifice its domestic agenda if European statesmen declined to cooperate along constructive lines. The same sense of detachment inspired President Coolidge's reaction when it appeared that Germany might disintegrate following the collapse of "passive resistance" to the Ruhr occupation in September 1923: "I do not feel that if

certain people in Germany act foolishly, the result is going to be the downfall of civilization, as some people seem to think."[59]

In the fall of 1919, the Treasury had accorded the Allies a three-year respite in the payment of interest on their wartime obligations. The Wilson administration had no wish to press European governments while they grappled with the problems of post-Armistice adjustment. But Congress displayed no inclination to extend the moratorium past its expiration date in October 1922. Loans to foreign governments associated with the United States in the prosecution of the world war made up 40 percent of the entire Federal debt. The American taxpayer, for whom the exactions of the income tax still represented a novelty, vociferously demanded relief. Veterans agitated for a bonus. Citizens who had acquired Liberty bonds in the flush of patriotic enthusiasm now complained that their holdings stood below par. Hence the Treasury turned a deaf ear to the clamor from the other side of the Atlantic for what was euphemistically called writing down the world balance sheet.

The self-appointed financial authorities who composed the Amsterdam Memorial in January 1920 and who delivered homilies to each other at the League-sponsored Brussels Conference in October of that year acted from a variety of motives. The neutrals who took the lead wished to recoup commercial loans and sustain their profits on trade with the Reich by stigmatizing "political" debts as counterproductive; the German-Americans who operated behind the scenes perceived an opportunity to undermine reparations; while some bankers, in the London City and elsewhere, genuinely aimed to foster recovery by advertising the dangers of fiscal inflation. Almost to a man, however, these experts assumed that Europeans could not generate the requisite capital through their own labor and savings and would have to obtain funds on concessionary terms from Washington or New York. Many assumed an aggressive tone. The time had come, argued John Maynard Keynes, fresh from his polemical success with *The Economic Consequences of the Peace*, to speak out boldly and to "stop humbugging with the Americans." From New York, the like-minded Paul Warburg proclaimed it "a mortification and a crime" that the United States had not followed the "dictate of humanity" and put its shoulder to the wheel.[60] This sort of overheated rhetoric did not play well either in Washington or Peoria as America entered a depression of its own and business failures multiplied because of restrictions on domestic credit.

In the spring of 1920, Assistant Treasury Secretary Albert Rathbone had canvassed intergovernmental debt issues with Sir Basil Blackett, his opposite number in Whitehall. While some Continental states suffered from genuine liquidity problems, no one could doubt that the British, with their bulging portfolio of foreign assets, could make good on their wartime loans if only they wished to do so. Blackett agreed tentatively to fund the British debt on normal commercial terms. But Prime Minister Lloyd George vetoed the deal and maneuvered instead to embarrass the United States into unilateral cancellation. Some Foreign Office sharpers apparently hoped to win forgiveness by trading away the Anglo-Japanese alliance. In any event, a deadlock ensued.

Andrew Mellon, the Republican secretary of the treasury, attempted to break the impasse in 1921 by action on two fronts simultaneously. He again invited the British to send a funding mission without reference to the Continental debts. At the same time, he asked the Congress for authority to fix terms of repayment as the Treasury thought best, and even to accept German reparation bonds in exchange for Allied obligations if that should prove expedient.[61] Congress, however, refused to play along. A number of indiscreet statements by visiting European politicians and bankers reinforced the distemper on Capitol Hill. As Maurice Casenave, former chief of the French economic mission in New York, presciently observed, the war-debt issue became "like the clerical question used to be" in the French Chamber – a matter certain to be dragged into everything, whether the ostensible issue at stake was tariff revision, tax reduction, or the soldiers' bonus.[62] After months of wrangling, Congress set up a World War Foreign Debt Commission in January 1922 to conduct refunding negotiations. On this body, designees of the House and Senate stood watch to ensure that their colleagues from the executive branch did not give away too much. The law directed the commission to require a minimum 4.25 percent interest rate. This rate compared favorably with the 7 percent that sovereign borrowers had to pay on Wall Street, but left little leeway for disguised cancellation.

Meanwhile, in May 1921 the European Allies had imposed the London Schedule of Payments on Germany. The Reparation Commission sought to reconcile inflated public expectations in the recipient countries with the limited capacity of the Weimar Republic to extract payment from a resentful citizenry through financial slight-of-hand. The London Schedule set the theoretical German debt at 132 milliard gold marks (roughly $33 billion), divided into three sets of bonds. For the moment, however, the Reich would have to pay interest and amortization only on the first two *tranches*, totalling 50 milliard gold marks. American experts at the 1919 peace conference had calculated that Germany could shoulder a burden of 60 milliards; hence in practice the London Schedule fell within the range that moderates had earlier thought reasonable. To be sure, the Reich remained legally obligated to service an additional 82 milliards of "C-bonds" if the Reparation Commission determined

that it had become sufficiently prosperous to do so. But, as the Belgian prime minister pointedly remarked, when the commission printed up those debentures, it could "stick them in a drawer without bothering to lock up, for no one would be tempted to steal them." In fact, the C-bonds constituted a reserve of funny-money that its originators hoped the Americans might ultimately accept in substitution for the Allied war debts. The true reparations annuity amounted to approximately 5.37 percent of German national income in 1921 – a considerable charge, but not an impossible one for a nation possessed of sufficient political and economic discipline to limit consumption and facilitate the transfer.[63]

Yet the pivotal issue of will to pay remained. Weimar politicians lacked both the inclination and the power to enforce the requisite discipline. Capital and labor would neither abate their distributional struggle nor accept the consequences of the lost war. The government in Berlin stoked the fires of inflation by avoiding serious taxation and dispensing fiscal largesse on a massive scale. Americans and other foreigners unwittingly subsidized the maneuver by speculating in depreciating mark notes and securities. Thus, despite all rhetorical complaints about the reparations burden, the net flow of capital ran strongly toward the Reich and financed a considerable import surplus.[64]

Reparations diplomacy in 1922 turned on the conditions that would allow, induce, or force Germany (depending on one's point of view) to stabilize its currency and meet its external obligations. The Germans insisted on a long reparations moratorium before subjecting themselves to the rigors of stabilization. The French, who suspected their neighbors across the Rhine of using inflation as a diplomatic weapon, demanded control of the customs and other productive guarantees. The British, preoccupied by stagnation in the so-called depressed areas, sought to link a German moratorium with a general scheme for writing down the world's balance sheet at the expense of the United States. His Majesty's government declared in the Balfour note of August 1922 that it would seek to collect only enough from Germany and its Continental debtors together as proved necessary to pay the United States. Not surprisingly, the Harding administration reacted with fury at this artless endeavor to blacken America before the bar of world opinion. Robert Brand of Lazard's London branch summed up the resulting situation for the acting British foreign secretary: "What with the French determination to get impossible sums from Germany, the American determination not to agree to cancellation of debts . . . until Europe behaves, . . . and the general cloud of prejudice and misunderstanding in which the whole question can be involved, it seems to me that Bernard Shaw may be right, and that the democracies of the world have created a machine which they are not clever enough to run."[65]

Shaw, as usual, confirmed his reputation for cleverness, but he missed the larger issues at stake. The reparations controversy assumed much greater significance than the uninitiated observer might conclude from monitoring the wrangling over coal quotas or the dispute about shipment of telegraph poles. When rejecting the Versailles treaty, the United States Senate had also allowed the proposed Anglo-American guarantee of French security to lapse.[66] Franco-British conflict over colonial and naval matters imposed further strains on the solidarity of the democracies. With token support from East European nations whose armies scarcely mattered in the larger scheme of things, France emerged virtually alone to uphold the edifice of European security established in 1919. In addition to the devastation of its ten northeastern departments, France suffered from a backward manufacturing structure, an outmoded tax system, and a potential labor shortage. Germany, despite its losses and disabilities, continued to enjoy pride of place as the most advanced industrial power on the Continent. In the natural course of events, the Reich would eventually regain the military hegemony that it had enjoyed prior to the war. Still, if France received the coal, coke, and capital to which it claimed entitlement on reparation account, that country might aspire to make a sufficient leap forward industrially to balance Germany in some respects. At the least, it could hope to maintain somewhat longer the security position sustained for the nonce by paper treaty texts. While the French took care to keep their reparation claims and their security aims juridically distinct, an implicit linkage subsisted. Reparations emerged as the chief bone of contention in the Franco-German struggle for political and economic dominance in Europe. It marked, in short, the continuation of war by other means.[67]

The British war debt to the United States played a similar, if more symbolic, role. British obligations under the Mellon-Baldwin agreement of January 1923 came to just over a fifth of the annuity owed by Germany under the London Schedule of Payments. The sum due equaled a levy of a mere 0.8 percent annually on Britain's existing overseas investment portfolio. Capacity to pay therefore hardly entered into the equation. And transfer posed no difficulty. As the chancellor of the exchequer informed the cabinet in June 1922, the problem was "not how to find the dollars, but simply how to persuade our own people to pay the taxation involved in the transfer of the dollars to the Exchequer's control."[68] Yet on the expediency of settling with America, the London policy-making elite divided. Bankers in the City and Atlanticists in Whitehall thought that funding the debt would help bring the United States back

as a stabilizing force into European diplomacy, promote economic growth on the Continent, and thereby revive markets for crucial British exports. The anti-American faction countered that payment would shift the tax burden from the New World to the Old and, in the long run, reduce the ability of British manufacturers and bankers to compete with their American rivals in the third world. While the quantitative effects on the balance of payments did not bulk very large, the debt issue served as a convenient focus of anger for Britons who resented the fact that the upstart Americans had gained the upper hand in the struggle for global financial supremacy. Thus the permanent under secretary of the Foreign Office found the American demand for funding "incredibly mean and contemptible." And certain Treasury hardliners, though they lost the battle in 1922–23, nurtured such a sense of grievance that in 1931 they preferred to see the gold-exchange standard collapse rather than suffer the system of "political" debt remittances to continue.[69]

But these problems lay in the future. The United States brought sufficient pressure to bear so that the British dispatched a funding mission that settled the debt at the beginning of 1923. The World War Foreign Debt Commission exceeded its instructions and offered relatively generous terms. The British agreement, which became the model for the 1925–26 agreements with the Continental nations, offered a concessionary interest rate and a sixty-two year payment schedule that mounted by degrees. In effect, the British received an immediate 35.1 percent reduction of the bill. The French, Belgians, and Italians would later obtain forgiveness of between 63.3 percent and 81.5 percent of prior obligations.[70] Since no insiders expected debt payments to continue after the Liberty Bonds became fully amortized in 1947, the American negotiators in practice made even greater concessions than these figures imply.

However, American attempts to encourage a reparations compromise without offering a direct linkage to war debts did not yield success in 1922. Werner Link points out that the government of the Reich, despite its disappointment with President Wilson at the peace conference, continued to cultivate American interest in a democratic, peacefully-inclined Germany and to invite mediation by Washington in the reparations dispute. Certain "Easterners" in the *Auswärtiges Amt* preferred an alliance of the revisionist powers or at least a policy of balancing east and west. Some businessmen, like Hugo Stinnes, flirted with the notion of improving relations with France as the initial step in creating a transmogrified Continental bloc. At every critical juncture, however, the responsible authorities in Berlin sought to play the American card. Thus in April 1921 Foreign Minister Walther Simons appealed for American arbitration with a view to staving off the London Schedule of Payments.

In December 1922 Chancellor Wilhelm Cuno followed the promptings of the U.S. ambassador and proposed a nonaggression pact as France prepared to occupy the Ruhr. And again, in 1923–24, Gustav Stresemann made a particular show of cooperating with the Dawes Committee as the best way of mobilizing Anglo-American pressure to force France out of that region.[71]

It does not reciprocally follow, however, that American leaders sympathized with German attempts to evade their reparations obligations. Certain ethnic groups (especially German- and Irish-Americans) that had borne the afflictions of wartime chauvinism instinctively sided with the underdog, but "hyphenate Americans" did not constitute an important constituency for the Harding or Coolidge administrations. To be sure, Secretary of State Charles Evans Hughes proclaimed in his New Haven speech of December 1922: "We do not wish to see a prostrate Germany. There can be no economic recuperation in Europe unless Germany recuperates."[72] Yet neither did Washington or Wall Street envisage such recuperation at the sole expense of those entitled to receive reparations. Instead, policymakers and bankers alike fastened on the notion of "capacity to pay" as a stratagem to bring about a settlement tolerable – if not acceptable – to both sides.

The administration made a first effort to bring about such a settlement in June 1922 by prompting J. P. Morgan to serve on a Bankers Committee to pass on preconditions for a German stabilization loan. The point, as Morgan partner Dwight Morrow expressed it, was to find a way "to make France recede from an indefensible position with regard to reparations which will be compatible with the dignity of a great nation which contributed so much to the winning of the war and which bore so much of the suffering of the war."[73] French Premier Raymond Poincaré refused, however, to accept the committee's finding that a reparations moratorium would have to precede a stabilization loan. All through the summer and fall of 1922, Secretary Hughes looked for a propitious moment to try again. The Balfour note, unfortunately, touched off a firestorm of disapproval in the United States and limited his maneuvering room. At the end of December, Allied unity broke down. The Cuno government perceived an opportunity to mount an open revolt against reparations and the Versailles treaty generally. The French, although fearful of the consequences, saw no choice but to occupy the Ruhr as a sanction. With time running out, Hughes proposed an expert committee of businessmen to look into German capacity to pay. But the proposal came too late to stem the rush of events. French soldiers marched; the German government, with a fine sense for the budding discipline of public relations, organized what it denominated "passive resistance."

Ten months later came a chance for the American secretary of state to try again. Passive resistance in the Ruhr broke down in September 1923, but the French found the attempt to collect reparations through physical occupation frustrating. Moreover, the effort strained French finances and attracted the unwelcome attention of bear speculators against the franc. This time, Poincaré had no effective choice but to accept the Hughes plan for an economic inquiry with the widest possible mandate.

In theory, the Dawes Committee comprised a group of independent financiers and businessmen. These experts would examine the conditions necessary to stabilize the German currency and balance the budget of the Reich. In practice, committee members kept in close touch with their governments and attempted to cut a political deal with enough of a scientific aura to garner public approval. Owen D. Young, the chief American negotiator, defined the objective by using the homely expression of an upstate New York neighbor who had come to buy a cow: they aimed to fashion a settlement "most too dear to take and most too cheap to leave."[74] In this respect, the committee succeeded brilliantly, in part by avoiding the touchy issue of the total sum owed by Germany. It focused instead on an annuity schedule that would rise gradually until it reached 2.5 milliard gold marks (as it turned out, 3.12 percent of German national income at factor cost) in 1929. None of the European governments really liked the Dawes Report, yet none dared publicly to oppose it. The French, having called in J. P. Morgan & Co. to rescue them from a run on the franc in March 1924, could no longer pursue a unilateral policy. British Treasury officials fulminated behind closed doors about the Americans' "beastly plan" and the dangers inherent in stabilizing the Deutsche Mark on the dollar; still, MacDonald's Labour government could not recede from its ostensible commitment to international collaboration. Stresemann and his colleagues in the German cabinet schemed to demand another reduction in the bill as soon as they decently could, but for the moment saw the plan as a convenient lever to pry the French out of the Ruhr. And so, under the watchful eye of American officials who – in deference to domestic isolationists – affected to be present by happenstance, the European nations reached a reparations settlement at the London Conference of July–August 1924.[75]

Paradoxically, the American bankers who had served the Allied cause most faithfully between 1914 and 1918 now imposed conditions for the loan required by the Dawes Plan that turned the balance of power decisively in Germany's favor. J. P. Morgan & Co., as a result of its public-spirited leadership during the war, largely set the tone for Wall Street. And in view of public opposition to official entanglement in European affairs, private bankers came by default to exercise tremendous power.

The Morgan partners worried greatly about the resulting problem of public accountability. Under the circumstances, however, they had to reconcile as best they could the national interest in pacifying Europe with their specific business concerns. Their primary responsibility lay in ensuring the safety of bonds syndicated by the firm. Thomas Lamont and Russell Leffingwell, the leading partners at Morgan corner, claimed with apparent sincerity that they favored the largest possible reparations figures: "Our sympathies are all for making Germany pay to the last drop." At the same time, they cautioned that Germany could "not sell bonds secured by the proceeds of the next military invasion of the Ruhr."[76] At the London Conference, Lamont therefore worked with Montagu Norman of the Bank of England to scrap the powers of the Reparation Commission. The bankers demanded an assurance that, if Germany defaulted again, France would not resort to sanctions without first obtaining Allied unanimity and the acquiescence of bondholder representatives. Moreover, France had to agree not merely to evacuate the Ruhr, but also to maintain the original Versailles timetable for evacuation of the Rhineland. At a stroke, the French in effect bargained away both the right to take future sanctions and the chief territorial guarantee of their security.

The London Conference thus marked the end of a system based on compulsion under the Versailles treaty. It opened the way for the reintegration of Germany as an equal partner in European affairs. For several years it appeared that American stabilization policy would have a beneficent effect. American loans poured into Germany and produced an improvement in living conditions and public amenities. Britain returned to the gold-exchange standard. The Continental countries followed its lead. Central bankers organized a cooperative network to manage the international monetary system. The Western powers agreed at Locarno to a non-aggression pact along the Rhine. Although this opened the way to German revisionism in the East, optimists who lacked a direct stake in Eastern Europe indulged the hope that change might take place in that far-away region through a process of mutual accommodation. But the American policy of financial stabilization without political participation could not accomplish certain things. It could not bring domestic stability to Germany or avert the fragmentation of its party system. It could not alter the passionate consensus in the Reich for territorial revision of the peace treaties. It could not satisfy the frantic French search for security. It did not attenuate the national ambitions and cultural conflicts that opposed France to Germany and Great Britain to the United States. Thus the stability of the middle 1920s proved, perhaps necessarily, ephemeral.

While history teaches no simple lessons, this is an instructive moment to review the history of American-European relations after World War I. Once again, to paraphrase Emerson, events are in the saddle and ride mankind. Within a short span of years, the United States has lost its creditor position. It has returned to the debtor status that it occupied throughout the 19th century. American productivity growth has fallen sharply in relative terms. The dollar has begun to yield its position as the principal reserve currency. The end of American dominance of multilateral financial institutions may very well follow. The creation of a unified European market in 1992 and the restoration of a united Germany as the dominant power within that market bid fair to revolutionize recent power relationships between Europe and the United States. The consequences for NATO have already become apparent.[77] As Germany and the European Community take their place in the "common European house" whose foundations are now under preliminary construction, we may look back to the 1920s in order to gauge the peculiar fragility and malleability of European-American ties. It is yet to be seen whether the sense of common problems and common destiny, anticipated by a mere handful of visionaries in the 1920s, then fashioned into a solid edifice by the purposive statesmen of the 1940s, can possibly survive the vicissitudes of the 1990s.

Notes to Chapter 19

1. Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA, 1977), pp. 285–376; David Landes, *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present* (Cambridge, England, 1969), pp. 231–358.
2. Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (Cambridge, MA, 1974).
3. Werner Link, *Die amerikanische Stabilisierungspolitik in Deutschland 1921–32* (Düsseldorf, 1970), p. 53.
4. Gerd Hardach, *The First World War, 1914–1918* (Berkeley, CA, 1977), p. 5.
5. David Kennedy, *Over Here: The First World War and American Society* (New York, 1980), p. 298.
6. Hardach, *The First World War*, p. 5.
7. Kennedy, *Over Here*, pp. 301–5; Georges-Henri Soutou, *L'Or et le sang: Les buts de guerre économiques de la Première Guerre mondiale* (Paris, 1989), pp. 310–12; Jeffrey J. Safford, *Wilsonian Maritime Diplomacy, 1913–1921* (New Brunswick, NJ, 1978).
8. Soutou, *L'Or et le sang*, pp. 324–30; Carl Parrini, *Heir to Empire: United States Economic Diplomacy, 1916–1923* (Pittsburgh, PA, 1969), pp. 19–29.
9. Quoted in Kennedy, *Over Here*, pp. 308, 330–31.
10. Burton I. Kaufman, *Efficiency and Expansion: Foreign Trade Organization in the Wilson Administration, 1913–1921* (Westport, CT, 1974).
11. Ernest R. May, *The World War and American Isolation, 1914–1917* (Cambridge, MA,

1959); Arthur S. Link, *Wilson the Diplomatist: A Look at His Major Foreign Policies* (Chicago, IL, 1965).

12. Kathleen Burk, *Britain, America and the Sinews of War, 1914–1918* (Boston, MA, 1985), pp. 99–136; also André Kaspi, *Le Temps des américains 1917–18* (Paris, 1976).

13. Wilson to House, 21 July 1917, quoted in Ray Stannard Baker, *Woodrow Wilson, Life and Letters*, 8 vols. (Garden City, NY, 1927–39), 7:180; excellent discussion in Kennedy, *Over Here*, pp. 320–22.

14. For data on the complexities of raising loans through mass public subscription, see Boxes 174–186 and especially Box 552 (Liberty Loan file), William Gibbs McAdoo Papers, Library of Congress, Washington, DC.

15. Benjamin Rhodes, "The United States and the War Debt Question, 1917–1934," Ph.D. diss., University of Colorado, 1965; Ellen Schrecker, *The Hired Money: The French Debt to the United States, 1917–1929* (New York, 1979).

16. Burk, *Britain, America and the Sinews of War*, pp. 197–220.

17. The definitive work is Soutou, *L'Or et le sang*. See also Fritz Fischer, *Griff nach der Weltmacht* (Düsseldorf, 1961); the postwar work by the French commerce minister, Etienne Clémentel, *La France et la politique économique interalliée* (Paris, 1931); and the insightful analysis of Clémentel's strategy by Marc Trachtenberg, *Reparation in World Politics: France and European Economic Diplomacy, 1916–1923* (New York, 1980), pp. 1–27.

18. Parrini, *Heir to Empire*, pp. 21–22; Kennedy, *Over Here*, pp. 308–11.

19. Charles Seymour, ed., *The Intimate Papers of Colonel House*, 4 vols. (Boston, MA and New York, 1926–28), 3:162–65.

20. House, who considered territorial and commercial greed the two twin causes of war, argued explicitly for tariff reduction as well as for the elimination of artificial trade restrictions. Wilson, who feared the reaction of high-tariff forces in the Senate, nevertheless agreed at length to tackle the issue discreetly. See Seymour, *Intimate Papers*, 3:326–27; also Soutou, *L'Or et le sang*, p. 540.

21. Soutou, *L'Or et le sang*, pp. 540–42.

22. Lawrence E. Gelfand, *The Inquiry: American Preparations for Peace, 1917–1919* (New Haven, CT, 1963).

23. Soutou, *L'Or et le sang*, pp. 542–48.

24. See the numerous reports from French High Commissioner André Tardieu and Ambassador Jules Jusserand to Clémentel in Nos. 1217–1219 ("Entente économique entre les Alliés. L'arme économique: le contrôle des matières premières"), Série A-Guerre, Ministère des Affaires Etrangères, Paris.

25. Wilson to Charles C. McCord, 22 November 1918, quoted in Arthur Walworth, *America's Moment, 1918: American Diplomacy at the End of World War I* (New York, 1977).

26. See Bernard Baruch, *The Making of the Reparation and Economic Sections of the Treaty* (New York, 1920); Edward M. House and Charles Seymour, eds., *What Really Happened at Paris* (New York, 1921); and Philip Mason Burnett, ed., *Reparation at the Paris Peace Conference from the Standpoint of the American Delegation*, 2 vols. (New York, 1940).

27. The so-called President's Committee of Economic Advisers, constituted in January 1919, met periodically for lunch, but kept no formal minutes or records; see, however, on its activities, Vance McCormick's "Diary," Sterling Library, Yale University, New Haven, CT (microfilm copy in the Harvard College Library).

28. Walworth, *America's Moment*, pp. 210–48; Walworth, *Wilson and His Peacemakers: American Diplomacy at the Paris Peace Conference, 1919* (New York,1986), pp. 89–90, 157–61; Francis William O'Brien, ed., *Two Peacemakers in Paris: The Hoover-Wilson Post-Armistice Letters, 1918–1920* (College Station, TX, 1978).

29. Soutou, *L'Or et le sang*, pp. 836–43; also Walworth, *Wilson and His Peacemakers*, pp. 163–80, 398–408; and Trachtenberg, *Reparation in World Politics*, pp. 29–98.

30. See the Lamont-Davis "Memorandum on the Financial Situation in Europe," 13 May 1919, prepared for discussion both with their own delegation and with Robert Brand and Jean Monnet, their French and British colleagues on the Supreme Economic Council, in Box 18, Hon R.H. Brand Papers, Bodleian Library, Oxford University.

31. Stephen A. Schuker, *The End of French Predominance in Europe* (Chapel Hill, NC,

1976), esp. pp. 176–77; Walworth, *America's Moment*, pp. 244–47. See also the extensive correspondence of Leffingwell in Washington with Lamont and Davis in Paris in Box 16A, Norman H. Davis Papers, Library of Congress, (especially Leffingwell to Davis, 7 May 1919). For an insightful examination of British strategy, see J.A. Hemery, "The Emergence of Treasury Influence in British Foreign Policy, 1914–1921," Ph.D. diss., University of Cambridge, 1988. On the domestic issues that had proven decisive in the 1918 U.S. elections, see Seward W. Livermore, *Politics is Adjourned: Woodrow Wilson and the War Congress, 1916–1918* (Middletown, CT, 1966), pp. 169–247.

32. Woodrow Wilson to Prime Minister David Lloyd George, 5 April 1919, Box 16A, Davis Papers.

33. Norman Davis to Wilson, 21 February 1920, copy in U.S. Senate, 67th Cong., 2nd Session, Committee on Judiciary, *Loans to Foreign Governments*, Document No. 86 (Washington, DC, 1921).

34. Leffingwell to Davis, 7 May 1919, Box 16A, Davis Papers.

35. Brand notes on a conversation with Lamont and Monnet, 15 May 1919, Box 18, Brand Papers.

36. Lamont to Brand, 10 June 1919, Box 12, Brand Papers.

37. Eugene Meyer (War Finance Corporation) to Brand, 1 July and 6 August; Brand to Sir Auckland Geddes, 2 July; Board of Trade to Brand, 4 July; Frank Altschul (Lazards-New York) to Brand, 22 August; Brand to Altschul, 25 August; Brand to Meyer, 1 October 1919, Boxes 12 and 16, Brand Papers.

38. Lansing to John W. Davis, 18 November 1919, quoted in Walworth, *Wilson and His Peacemakers*, pp. 293, 554.

39. Lester V. Chandler, *Benjamin Strong, Central Banker* (Washington, DC, 1958), pp. 141–48; Michael J. Hogan, *Informal Entente: The Private Structure of Cooperation in Anglo-American Economic Diplomacy, 1918–1928* (Columbia, MO, 1977), pp. 31–33; Kathleen Burk, "The House of Morgan in Financial Diplomacy, 1920–1930," in B.J.C. McKercher, ed., *The Struggle for Supremacy: Aspects of Anglo-American Relations in the 1920s* (Edmonton, Alberta, 1990); Ron Chernow, *The House of Morgan* (New York, 1990), pp. 206–10.

40. Walworth, *Wilson and His Peacemakers*, pp. 528–56; Lloyd E. Ambrosius, *Woodrow Wilson and the American Diplomatic Tradition: The Treaty Fight in Perspective* (New York, 1987). On the relative flexibility of the mild reservationists, see also William C. Widenor, *Henry Cabot Lodge and the Search for an American Foreign Policy* (Berkeley and Los Angeles, 1980), pp. 300–48.

41. Parrini, *Heir to Empire*, pp. 72–137; Hogan, *Informal Entente*, pp. 34–37.

42. Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867–1960* (Princeton, NJ, 1963), pp. 221–44; Chandler, *Benjamin Strong, Central Banker*, pp. 149–87.

43. James P. Warburg, "History of the Warburg Family," pp. 33–65, unpublished Mss., Paul Warburg Papers, Sterling Library, Yale University, New Haven, CT.

44. Parrini, *Heir to Empire*, pp. 101–37.

45. Carl-L. Holtfrerich, "Amerikanischer Kapitalexport und Wiederaufbau der deutschen Wirtschaft 1919–1923 im Vergleich zu 1924–1929," revised version in Michael Stürmer, ed., *Die Weimarer Republik: Belagerte Civitas* (Königstein/Ts., 1980), pp. 131–57 [now available also as "U.S. Capital Exports to Germany 1919–1923 Compared to 1924–1929," in *Explorations in Economic History* 23 (1986), pp. 1–32]. For statistical information, see also League of Nations, *Europe's Overseas Needs 1919–1920 and How They Were Met* (Geneva, 1943); and for a conceptual overview, M.E. Falkus, "United States Economic Policy and the 'Dollar Gap' of the 1920's," *Economic History Review* 24 (November 1971): 599–623.

46. See, for example, Charles P. Kindleberger, *The World in Depression* (Berkeley, CA, 1973), esp. pp. 19–57, 291–308.

47. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, 2 vols. (Washington, DC, 1975), 1:887, cited and interpreted by Kennedy, *Over Here*, pp. 342–43.

48. See the balance of payment statistics and analysis in Stephen A. Schuker, *American*

"Reparations" to Germany, 1919–33: Implications for the Third-World Debt Crisis, Princeton Studies in International Finance 61 (Princeton, NJ, 1988), pp. 92–97.

49. For a sophisticated restatement of the traditional view, which I seek to undermine here, see Carl-L.Holtfrerich, "The Grown-up in Infant's Clothing: The U.S. Protectionist Relapse in the Interwar Period," Working Paper No. 19, John F. Kennedy-Institut für Nordamerikastudien (Abteilung für Wirtschaft), Freie Universität Berlin (Berlin, 1989).

50. See Robert Pastor, *Congress and the Politics of U.S. Foreign Economic Policy* (Berkeley, CA, 1980), p. 78 (Table 3).

51. Parrini, *Heir to Empire*, pp. 212–47; Melvyn P. Leffler, *The Elusive Quest: America's Pursuit of European Stability and French Security, 1919–1933* (Chapel Hill, NC, 1979), pp. 43–53; also, for a chronologically wider perspective, Sidney Ratner, *The Tariff in American History* (New York, 1972).

52. Werner Link, *Die amerikanische Stabilisierungspolitik in Deutschland*, pp. 190–99, 324–37.

53. Schuker, *American "Reparations" to Germany*, pp. 98–99.

54. Frank Costigliola, *Awkward Dominion: American Political, Economic, and Cultural Relations with Europe, 1919–1933* (Ithaca, NY, 1984), pp. 140–66.

55. Link, *Die amerikanische Stabilisierungspolitik in Deutschland*, pp. 367–81, 593–617; note also the more pointed formulation of the argument in Link's essay, "Die Beziehungen zwischen der Weimarer Republik und den USA," in Michael Stürmer, ed., *Die Weimarer Republik: Belagerte Civitas*, pp. 63–92.

56. Kennedy, *Over Here*, p. 339.

57. Prescient observers came to understand this at the time. See, notably, the correspondence of Eugene Meyer as Commissioner of the Farm Loan Bureau under President Coolidge, in Boxes 245, 247–48, Meyer Papers, Library of Congress, Washington, DC. For retrospective confirmation, see Wilfrid Malenbaum, *The World Wheat Economy, 1885–1939* (Cambridge, MA, 1953).

58. See, among other works, Leffler, *The Elusive Quest*, pp. 30–81.

59. Hoover Memorandum on the Genoa Conference, 4 January 1922, Box 21, Secretary of Commerce-Official Papers, Herbert Hoover Presidential Library, West Branch IA, also cited in Leffler, *The Elusive Quest*, p. 81; Coolidge statement in William R. Castle Diary, 25 September 1923, Houghton Library, Harvard University, Cambridge, MA, also cited in Dieter B. Gescher, *Die Vereinigten Staaten von Nordamerika und die Reparationen 1920–1924* (Bonn, 1956), p. 193.

60. John Maynard Keynes to Robert Brand, 30 December 1919, Box 20; Paul Warburg to Brand, 22 March 1920, Box 22 (Amsterdam/Brussels Conference files), Brand Papers, Bodleian Library, Oxford.

61. Stephen A. Schuker, "American Policy toward Debts and Reconstruction at Genoa," in Carole Fink, Axel Frohn, and Jürgen Heideking, eds., *Genoa, Rapallo, and the Reconstruction of Europe in 1922* (New York, 1991), pp. 95–122; also Roberta A. Dayer, "The British War Debts to the United States and the Anglo-Japanese Alliance, 1920–1923," *Pacific Historical Review* 45 (November 1976): 569–95; and Benjamin F. Rhodes, "Reassessing Uncle Shylock: The United States and the French War Debt, 1917–1929," *Journal of American History* 55 (March 1969): 787–803.

62. Casenave to M. Vignon, chef de cabinet to President Alexandre Millerand, 21 July 1921, Box 5, Folder 8, Louis Loucheur Papers, Hoover Institution, Stanford, CA.

63. Schuker, *American "Reparations" to Germany*, pp. 16–19; Trachtenberg, *Reparation in World Politics*, pp. 193–211; Sally Marks, "The Myths of Reparations," *Central European History* 11 (September 1978): 231–55. For Belgian Premier Georges Theunis's witticism, see his memorandum of 30 August 1923, "A propos de l'article de M. Tardieu," Série Politique Nr. 10.074, Ministère des Affaires Etrangères et du Commerce Extérieur, Brussels.

64. Carl-L. Holtfrerich, "Internationale Verteilungsfolgen der deutschen Inflation 1918–1923," *Kyklos* (1977, No. 2): 271–92; Schuker, *American "Reparations" to Germany*, pp. 106–14.

65. Brand to the Earl of Balfour, 4 August 1922, Box 93, Brand Papers.

66. Louis A.R. Yates, *The United States and French Security, 1917–1921* (New York, 1957).

67. Schuker, *The End of French Predominance in Europe*, pp. 3–28; also Schuker, "Frankreich und die Weimarer Republik," in Stürmer, *Die Weimarer Republik*, pp. 92–112.

68. Chancellor of the Exchequer memorandum, "British Debt to the United States," 8 June 1922, C.P. 4020, CAB 24/137, Public Record Office, Kew.

69. For the views of the permanent under secretary, see Sir Eyre Crowe minute, 18 May 1922, FO 371/8191: N4766/646/38, Public Record Office. For Treasury attitudes in 1931, note among other works Roberta Allbert Dayer, *Finance and Empire: Sir Charles Addis, 1861–1945* (New York, 1988), pp. 209–30; also Diane B. Kunz, *The Battle for Britain's Gold Standard in 1931* (London, 1987). Some Treasury officials of the 1920s generation held the United States in such contempt that they failed to succumb even to the "hands-across-the-sea" atmosphere of World War II. Sir Otto Niemeyer, for example, rejected a State Department contract in the 1950s with a Latin expletive: "Am I thy servant's dog, that I should do such a thing! [Quid enim sum servus tuus canis, ut faciam istam rem?]" (Niemeyer to Maurice Frère, 10 September 1953, Folder 82, Frère Papers, Archives générales du royaume, Brussels).

70. Commerce Department "Memorandum on War Debt Settlement," June 1926, U.S. State Department, 800.51W89/283, Record Group 59, National Archives, Washington, DC.

71. Link, *Die amerikanische Stabilisierungspolitik in Deutschland*, pp. 44–52, 176–188, 203–314; similar interpretation in Peter Krüger, *Die Aussenpolitik der Republik von Weimar* (Darmstadt, 1985).

72. *Foreign Relations of the United States, 1922*, 2 vols. (Washington, DC 1938), 2:201.

73. Dwight Morrow to Thomas W. Lamont, 1 May 1922, Box 113/14, Lamont Papers, Harvard Business School, Boston, MA.

74. Josephine Young Case and Everett Needham Case, *Owen D. Young and American Enterprise* (Boston, MA, 1982), p. 282.

75. Schuker, *The End of French Predominance*, pp. 171–382; Jacques Bariéty, *Les Relations franco-allemandes après la première guerre mondiale, 10 novembre 1918–10 janvier 1925* (Paris, 1977), pp. 425–756. For a discussion of British-American conflict over the appropriate currency (the dollar or sterling) on which to stabilize the mark, see Hans Otto Schötz, *Der Kampf um die Mark 1923/24: Die deutsche Währungsstabilisierung unter dem Einfluß der nationalen Interessen Frankreichs, Großbritanniens und der USA* (Berlin and New York, 1987), pp. 100–175.

76. Lamont and Leffingwell to Morgan, Harjes & Cie., 1 April 1924; Leffingwell memorandum, 26 July 1924, quoted in Schuker, *The End of French Predominance*, pp. 275, 306.

77. On these themes, see among other works David Calleo, *The Imperious Economy* (Cambridge, MA, 1982), and *Beyond American Hegemony: The Future of the Western Alliance* (New York, 1987); Benjamin M. Friedman, *Day of Reckoning: The Consequences of American Economic Policy under Reagan and After* (New York, 1988); and Carl-L. Holtfrerich, "Reaganomics und Weltwirtschaft," Working Paper No. 21, John F. Kennedy-Institut für Nordamerikastudien (Abteilung für Wirtschaft), Freie Universität Berlin (Berlin, 1990).

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