3. The Rise of Economic Nationalism

In July 1932 Whitehall made a start on the considerable preparations demanded for a World Economic Conference. From the outset such enthusiasm as there was for the conference amongst its principal international sponsors - Britain, the United States and France - depended upon their perception that it would afford opportunities to debate (and criticise) the economic and monetary policies of the other participants. The French government saw the conference as an opportunity to air their misgivings about the Federal Reserve's increased open-market operations which had fuelled rumours that the United States would devalue the dollar sometime soon.1 More importantly, it offered the chance to determine the future direction of British monetary policy and to press for the return of sterling to gold. This French interest was shared by the US Treasury and Federal Reserve, although the Americans also paid close attention to the evolution of the British tariff (the General Tariff was introduced in April 1932 and the Imperial Tariff in July 1932), an issue of little interest to France but which Germany recognised to be, for reasons which will become apparent below, of potential benefit to its plans to secure further debt concessions from its creditors.

Most countries shared a passionate interest in the monetary and economic issues tabled for the future conference agenda, but Britain was interested primarily in the issue which the Hoover administration had insisted should be excluded from the outset - allied war debt payments to the United States. It was a concern Britain shared with France and, from May 1932 until the conference convened in June 1933, much of British policy was preoccupied with ways of introducing war debts, albeit surreptitiously, into the conference negotiations. The problem for Britain was that, by agreeing to host and oversee preparations for the conference, it had fuelled international expectations for the kind of British leadership which had dominated conference diplomacy in the 1920s and, indeed, reparation negotiations since the onset of the depression. Moreover, while France, Germany and occasionally the United States, continued to harbour such expectations, the evolution of British economic policy in a nationalist direction determined that these powers, despite their increasingly conflicting strategic interests, often

P. Clavin, *The Failure of Economic Diplomacy*

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found themselves united in their opposition to developments in British economic policy.

CONFERENCE PREPARATIONS

The Lausanne Conference established an Organising Committee for the Economic Conference under the chairmanship of the dull, but efficient British Foreign Secretary, Sir John Simon. He helped to select the other powers deemed important enough to participate in the Organising Committee - France, the United States, Germany, Italy, Japan, Belgium and Norway - who were, in turn, requested to nominate political delegates for the Organising Committee and economic experts for the Preparatory Commission. In the cautious, concise language which reflected his long legal career, Simon set out a clear, hierarchical structure for the conference preparations. At the top of the tree was the Organising Committee, comprised of foreign ministers and senior statesmen, charged with determining when, where and how it would meet, securing the funds to participate in (or in Britain's case stage) the conference, and nominating delegates for the monetary and economic preparatory commissions as set out in the fifth act of the Lausanne Conference.

The real preparatory work was to be undertaken by the Preparatory Commission of 'experts'. They were instructed to use their expertise to define the conference agenda and to devise clear policies to which the conference participants (the politicians) could accede. At this early stage both Britain and the United States were anxious that extensive preparations be made before the conference met. As Feis put it 'the final conference of leaders should only come onto the scene for action after the play has been completely written.' Britain and the United States hoped that by using experts to lay the groundwork for the politicians the conference would avoid the sterility which had characterised the expert-dominated World Economic Conference of 1927. In private, however, the British government was anxious to prevent the United States from using its representation by 'technical experts' as a means to withdraw from any agreements it might undertake because these delegates 'lacked real (political) responsibility'. Equally troublesome was the fact that three years into the depression the epithet 'expert' had become a term of derision and MacDonald, like Hoover, was called upon, sometimes in public, to defend their involvement in the conference preparations.

A large number of non-governmental agencies also requested invitations to attend the Preparatory Commission. For the most part they were refused. Organisations like the International Chamber of Commerce were rejected...