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David Ekbladh, *Tufts University*

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Exile Economics: The Transnational Contributions and Limits of the League of Nations' Economic and Financial Section

David Ekbladh

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For the last five years of its existence the most relevant work done by the League of Nations was completed in North America. To add a further degree of irony, perhaps its Economic and Financial Section did the best of that work in exile in Woodrow Wilson's former home of Princeton, New Jersey. A set of economists under their chief, Alexander Loveday, was rescued from Nazi dominated Europe in 1940 specifically so they could continue compiling and analyzing globally comparable economic data. Loveday and his collaborators were invaluable because they were pioneers in this field. The Economic and Financial Section of the League of Nations was part of a tradition that continues today that uses data to make legible basic—and critical—aspects of international life.[1] Indeed, they were indispensible to tracing, measuring, and defining those interconnections that made the world economy *global*. These individuals had been at the forefront of compiling and making legible for international audiences globally comparable information on the world economy. A new world war, as much as the Depression before it demanded that economic issues be seen in a global frame. The reigning perception was that large, impersonal forces shaped these events; cutting across boundaries to bring change within societies highlighted the transnational import of the contributions of the Economic and Financial Section.[2] Just as important, they, the League, and its supporters built an infrastructure that assured this information could rapidly be disseminated worldwide. In that sense they were not only trafficking in transnational ideas, they built and depended on a transnational network that supported their work. In so doing they created—and in the process they themselves became—a valuable, even strategic commodity, a remnant of the League worth saving. They were members of an international body that, drawing on the support of various nongovernmental groups, could shape instrumental parts of discourse on global economics that central element of world affairs.

Nevertheless, the League exiles remind us those transnational forces and the individuals and groups that cultivate them have been negotiated throughout history. Even authoritative transnational voices have been bound by state power. War made the globally resonant information and skills they cultivated that much more valuable. But war dramatically enhances state power. The Economic and Financial Section's long journey is a reminder that international interactions are the product of a thicket of institutions, individuals, and ideas that operate beyond the state, states do have ultimate authority in key areas of action. States, with

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[1] Michael Ward, *Quantifying the World: UN Ideas and Statistics* (Bloomington, Indiana: University Press, 2004).

[2] On how transnational forces operate and structure understanding across boundaries see Seth Fein, "Culture Across Borders in the Americas" *History Compass* 1 (2005), 1-6; See also Sanjeev Khaghram and Peggy Levitt, *The Transnational Studies Reader, Intersections and Innovations* (New York: Routledge, 2008), 1-13.

their own strategies and agendas to satisfy have remarkable leverage with which to bend those bodies even as they also seek to shape global affairs. The life and fate of the Economic and Financial Section of the League demonstrate the real influence that transnational ideas and actors can have on the shape of the world. But it also reminds us that the transnational ideas and actors operate on planes that cut across other realms of activity. In this way transnational actors can have profound influence but at the same time they can profoundly influenced by a selection of other actors and forces.

The League's economic staff is part of an overlooked, if not forgotten, part of international history. The League may have failed in its primary political mission to keep the peace but through its generation of life what often redeemed the League was technical activity of the sort done by its economic section. In this and numerous other fields the League's contributions were explicitly global and transnational. Most issues—from narcotics control to pollution to global health—had the scope to affect life across the world and at the same time basic aspects of such issues, cut across borders and influenced the perceptions and policies within various polities. These were often issues that could not be entirely negotiated by states either individually or collectively. The League was a hub for activities that constructed an understanding of basic aspects of global affairs and provided the data that made such things legible.

Extensive technical activity reassured supporters of the League that despite all the nagging political failings it was far from an internationalist mirage. Tangible, effective technical accomplishments actively shaped not just the possibilities but also the means for international action. Indeed, it provided the basic resources that allowed observers to see important issues as interconnected, coherent global concerns.

The League created an Economic and Financial Organization in 1920 with a mandate at its inception to further understanding of world economic trends. It was a combination of many aspects of the League's economic work including the Coordinating Committee and various standing and ad hoc committees. But perhaps most important element of this larger organization was the Economic and Financial Section. At one point it was split into two bureaus but in 1938 these were reunited under Loveday. This Economic and Financial Section was the biggest technical organ in the League; its 65 staff outnumbered rest of the technical staff at the Geneva Headquarters combined.[3]

One mission came to prominence, the creation and compellation of internationally comparable statistics. During the 1920s the League began a

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[3]Martin Hill, *Economic and Financial Organization of the League of Nations* (Washington: Carnegie Endowment for International Peace, 1946), 3-4, 109-110. The economic section of the League's Secretariat had several official names over the course of its existence. Here, for sake of clarity, "Economic and Financial Section" is used throughout.

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campaign, pushed by advocates worldwide, to produce reliable global economic data. It can be forgotten now that this type of data was irregular, incomparable, or simply unavailable in the early twentieth century. In this, the League was just part of a global trend: the rise of the social sciences and related attempts measure the impact of modern forces through statistics and other aggregated information.[4]

Information provided the by Economic and Financial Section's contributions fit well into the League's role as facilitator of international exchange. Its economic information was a powerful adhesive, holding international and transnational discussion of imperative economic issues together. Scholars across the globe—particularly in the new field of international relations—came to depend on its specific reports but also its serial publications. In sociology, economics, political science, and the incipient field of international affairs citation of the Economic and Financial Section's widely distributed publications like its *Monthly Bulletin of Statistics; Review of World Trade; Statistical Year-Book; Money and Banking; World Production and Prices;* and *World Economic Survey* (among others) appeared to support all types of analysis and perspectives.[5]

As the Depression became the common denominator in international affairs during the 1930s, the League responded with a commission to study its causes. Specialists working under League auspices defined much of the early debate over the origins of the Depression and its impact. The Economic and Financial Section, underwritten by grants from the U.S. based Rockefeller Foundation, struggled to explain effects of the Depression on the business cycle.[6]

It was not just scholars who found such information useful. By the 1930s the economic materials hashed out by the League resonated in official circles. Comparable data was valuable to governments. Even the British cabinet integrated League information into its surveys of world events.[7] How this global economic crisis straddled borders to impact individuals could be more clearly seen and compared. In the press in Europe and America, League documents became windows on the impact of the Depression abroad and at home. For

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[4] Take, for example, the efforts to institutionalize quantification and the social sciences in the United States. See the President's Research Committee on Social Trends, *Recent Social Trends in the United States: Report of the President's Research Committee on Social Trends* 2 vols. (New York: McGraw-Hill, 1933); David M. Kennedy, *Freedom From Fear: The American People in Depression and War, 1929-1945* (New York: Oxford, 1999), 11-13.

[5] Hill, 97-99.

[6] See Gottfried von Haberler, *Prosperity and Depression: A Theoretical Analysis of Cyclical Movements* (Geneva: League of Nations, 1937); Ragnar Nurkse *International Currency Experience* (Geneva: League of Nations, 1944); Barry Eichengren, *Globalizing Capital: A History of the International Monetary System* 2d ed (Princeton: Princeton University Press, 2008), 49-50.

[7] See, for example, British Cabinet Paper, Economic Advisory Council, Survey of the World Economic Situation, July 12, 1938, P. 169.

example, media across the United States used the statistics gathered by the League to apprehend the lot of American workers as compared to international counterparts. Cost of living in different countries could be readily and easily compared. The value of the $7 a day wage paid by the Ford Motor Company could and was measured in an international context.[8] Assertions by League economists that global industrial production was growing in 1934 underlay hopeful commentary that the world and with it the United States, were headed "out of the Depression."[9] The Depression in American could be contextualized as part of a global phenomenon because of standardized statistics emanating from Geneva.

The initiated in politics, diplomacy, and policy in the United States and elsewhere appreciated that this easily accessible data was something new and saw its utility to international affairs. Even so, technical work that straddled national boundaries was not immune to the upheaval of world politics. As the international situation worsened in the second half of the 1930s so did the League's prospects.

With the fall of France internationalists faced a nightmare scenario: that the new League headquarters building in Geneva, the Palace des Nations and the vital data contained within, might somehow be transformed into a pylon supporting Hitler's "New Order" in Europe. Even before this crisis Arthur Sweetser, an American member of the League Secretariat, floated the idea of evacuating the technical organs. A swath of advocates and NGOs that had either worked with or benefited from the League's technical efforts shared his concerns.

In June 1940 these groups worked to rescue them. Sweetser's networking brought a hurried invitation from, of all places, the United States. Princeton University, the Rockefeller Institute for Medical Research, and the Institute of Advanced Studies offered to host these now refugee bodies. After some delay, in early August, Loveday and the remainder of the Economic Section team navigated their way through an unsettled France toward their departure point in Lisbon. They made it across the Spanish frontier before the fascist government closed it to members of the League. They had, of course, brought their vital data.[10]

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[8] "Studies Home Life of $7 Day Ford Men to Fix Pay Abroad" *New York Times*, June 16, 1930.

[9] "World Decline in Joblessness Noted" *New York Times*, July 10, 1933; "Out of the Depression," *Chicago Daily News,* April 22, 1934.

[10] Sean Lester Diary, Entry for Aug. 6, 1940; League of Nations Archives, Geneva, Switzerland, 526; Sweetser to Hambro, Oct. 16, 1940, box 17, Arthur Sweetser Papers, Manuscript Division, Library of Congress, Washington, DC.

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The "Princeton Group" became an important part of a revived and revised American internationalism during war.[11] This should be no surprise as the League's technical work was already deeply insinuated into this community. A delegation from the League even attended Bretton Woods and its ideas certainly influenced the institutions that emerged out of the conference.[12] More generally, throughout the war, Loveday and his staff attended meetings at the Council on Foreign Relations and were franchised members of the Universities Committee for Post-War International Problems, supporting both endeavors to conceptualize a postwar order.[13]

The section's work continued to influence the contours of thinking about global economic issues. Its investigation on the transition from war to peace economies helped assuage rising concerns about this looming issue and was well received.[14] But in a world war where one of the core issues was what type of international order would be established by the victors, information that provided a global view was a valuable strategic commodity. This was undoubtedly true for one combatant that had its own desires to reshape the world, the United States.

Within a few months of the official U.S. entry into the conflict, the League exiles were chafing under censorship restrictions. They were stymied in attempts to get reliable economic information from the U.S. government. It was not the United States alone that censored the section's diet. Obviously, information from the Axis powers was not officially available but even Allied powers quarantined their economic data. Even neutrals came to understand that economic statistics were a strategic commodity that should be controlled.[15]

This and other bureaucratic escapades reveal that the final authority over the activities of the exiled League lay with the American state. It is also a reminder that powers accorded the state in wartime grant considerable control latitude to control official information and its dissemination. The League continued to issue its reports and analysis throughout the war. As much as the

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[11] Arthur Sweetser, "Non-Political Achievements of the League" *Foreign Affairs* 19 (Oct. 1940), 179-192; On U.S. internationalism during World War II see Robert A. Divine, *Second Chance: The Triumph of Internationalism in America During World War II* (New York, Athenaeum, 1967).

[12] Louis W. Pauly, "The League of Nations and the Foreshadowing of the International Monetary Fund," Essays in International Finance, no. 201, Princeton University, 1996.

[13] Ralph Barton Perry, *Universities Committee on Post-War International Problems: Final Report of the Committee, 1942-1945* (Universities Committee: Boston, 1945).

[14] Economic, Financial, and Transit Section, *The Transition from War to Peace Economy*, (League of Nations, 1943).

[15] Reber to Loveday, March 16, 1942; Memo, Rosenborg to Loveday, September 9, 1942; Resolution Adopted by the Inter-American Financial and Economic Advisory Committee on May 28, 1942; box C1625, Financial Section and Economic Intelligence Service, Office of the Director, League of Nations Archives, Geneva, Switzerland.

United States desired the data and resources offered by the Princeton Group, like other combatants it needed skilled personnel for the war effort. League staff was gradually siphoned away—joining national governments and emerging United Nations agencies. In fact, the rump of the Princeton Group found a new role offering lessons on how international agencies were constituted and operated as the plans for a new postwar organization hardened. The example of the Economic Section influenced the mission of the UN and its litter of economic commissions and "specialized agencies." From the start the UN was to carry forward the statistical and economic research begun by its predecessor and still does.

The important role the Economic and Financial Section had in the wartime United States demonstrates that an organization that had excelled at creating an accessible view of global economic activity had been made a handmaiden to U.S. postwar ambitions. The collapse of the League as an independent institution had made its old position as a hub of global inquiry untenable. In some respects this was a simple matter of the realities of political crisis and war. German victories had forced the Economic Section from its comfortable perch in Switzerland. The exile that followed is a reminder that institutions and individuals that constitute profoundly important aspects of transnational understanding can still suffer at the whims of other forces. Despite claims its work in the United States was still of global import the realities of censorship and wartime demands by American (and Allied) audiences meant its resonant wartime activity mostly served the construction of a U.S. international order.

The fate of the League and its Economic and Financial Section are just a small part of the global history of the period. Nevertheless, it reminds us of how individuals and institutions shape vital transnational understandings. Supported by networks of like-minded organizations that cut across national boundaries the League's economic work provided an understanding of the constitution and impacts of powerful economic forces in a period when the Depression was seen a primary force in world affairs. This work also shaped views and orientations of scholarly communities in various parts of the globe. But when world order fell to pieces the economic fragments of the League were subject to powerful state imperatives that reshaped their own inquiry and priorities (and, needless to say, location). It reminds us that transnational concepts and actors are always part of a broader interplay of forces on the global stage.

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